

With Dance

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U.S. Failure at G-7 Reveals the Limits Of Policy Making

By Tom Redburn
International Herald Tribune
WASHINGTON — The Bush administration, by failing in its high-profile campaign to persuade Germany to support a round of global interest-rate cuts, has highlighted the limitations of the Group of Seven process of international economic policy coordination.

That seems to be just what several economic analysts had wanted.

"By trying to cut interest rates too aggressively, they would have ended up with the worst of both worlds," one London analyst said. "They would have soon faced both higher inflation and rebounding rates. Sometimes it's better to do nothing than the wrong thing."

The U.S. dollar, in response to the inability of G-7 officials to reach a consensus, gained strength in early trading Monday, but then lost ground on comments by the Bundesbank president, Karl Otto Pöhl, that Germany needs a stronger Deutsche mark.

The dollar ended in New York at 1.7512 DM, down slightly from Friday's 1.7515.

The U.S. currency plunged against the yen, ending at 135.60 yen, down from 138.20 on Friday.

"Medium term, the dollar keeps going up," Richard Urwin, an economist at S. G. Warburg, told Reuters. "The upside potential is bigger than the downside."

G-7 officials, long concerned with currency movements, barely mentioned the dollar at all this time. They stated merely that they had reviewed developments in international financial markets and reaffirmed their commitment to cooperate closely on exchange markets.

By not commenting on the dollar, which has risen about 23 percent against the mark since hitting a record low in February, the officials seemed to be tacitly endorsing its current level.

[Pierre Bérégovoy, France's economy and finance minister,



A student kicking a policeman Monday at Hanyang University in Seoul during a protest against the death last week of a student whom policemen beat with metal pipes.

Rage at Student's Death Ignites South Korea Youth

Compiled by Our Staff From Dispatches
SEOUL — Tens of thousands of South Korean demonstrators rallied Monday to condemn the fatal beating of a protester and demand that President Roh Tae Woo and his cabinet step down, in the largest anti-government protests this year.

The police and protesters clashed repeatedly as students demonstrated at dozens of campuses across the nation to express outrage at the beating death on Friday of 20-year-old Kang Kyung Dae.

In the southern city of Kwangju, a woman set herself on fire and was rushed to a hospital, where doctors said she was in critical condition. Park Seung Hye, a second-year student at Chonnam University, sustained second- and third-degree burns, a hospital spokesman said.

At least four other students were reported seriously injured in the clashes.

In Seoul on Monday night, riot police at Yonsei University fired volleys of tear gas to block about 30,000 students from marching downtown after an evening rally to protest Mr. Kang's death.

The nighttime rally at Yonsei University was the largest student protest this year.

Mr. Kang, a first-year student at Seoul's Myongji University, died after riot policemen beat him with metal pipes during a campus protest.

His death has enraged the public and triggered Mr. Roh's biggest political crisis since he began his five-year term in February 1988, according to Seoul newspapers.

In 1987, a student died after he was hit by a tear-gas canister fired by the police. That death incited massive national protests and forced Chun Doo Hwan, then president, to make democratic changes.

This protest was unlike previous ones in that few firebombs or rocks were hurled by the demonstrators.

Many bystanders clapped and cheered the protesters, who chanted, "No violence, no violence!"

Thousands of students fought running battles with the police in Pusan, Taejeon, Taegu and other major South Korean cities after holding memorial rallies, according to Yonhap news agency.

Prime Minister Ro Jai Bong apologized Monday for Mr. Kang's death. However, dissidents and students vowed to go ahead with rallies this week against what they called government brutality.

"On behalf of the government, I give my deep regrets and sincerely apologize to Kang Kyung Dae's parents and the nation for the incident," Mr. Ro said at a cabinet meeting. "This kind of thing should never be allowed to happen again and the government will take all measures to ensure it."

He ordered the Interior Ministry, which is in charge of the nation's 140,000 policemen, to act to ensure that protests be brought under control in "a thoroughly safe manner."

James Sterngold of The New York Times reported earlier from Seoul.

In an unusual show of sensitivity to public opinion in a country whose government has usually quelled dissent with a heavy hand, President Roh dismissed his interior minister over the weekend after the death of Mr. Kang.

He also promised a thorough investigation of the incident.

Although South Korean university students often throw firebombs during demonstrations and the police frequently fire tear gas, this is the first case in which a student has been killed by police since 1987.

Students have been losing public support over the last two years, and demonstrations have been growing less frequent.

Eager to avoid giving the students a new means of winning popular approval, Mr. Roh was quick to express his regret over the latest death and said the students had been "victimized by the police."

The president's dismissal of the interior minister, Ahn Eung Mo, on Saturday was the second dismissal of a cabinet member in three days.

On Thursday, Mr. Roh dismissed Environment Minister Huh Nam Hoon after a company was found for the second time in a month to have leaked large quantities of phenol, a highly toxic chemical, into a river.

See KOREA, Page 2

Return Of Kurds To Begin En Masse

Guerrilla Leader Says His Troops Won't Interfere

Compiled by Our Staff From Dispatches
ZAKHO, Iraq — Kurdish refugees are expected to start returning en masse to the allied security zone in northern Iraq on Wednesday, the U.S. commander of the operation said Monday.

The commander, Major General Jay M. Garner of the U.S. Army, made the announcement in Zakho after winning a pledge from a top Kurdish guerrilla commander that his men would not interfere with the repatriation.

American, French, British, Dutch and Canadian troops in the zone have prepared trucks, vehicle maintenance crews and medical teams to help the refugees return to their homes in Zakho and neighboring villages, and to ensure that others reach a tent encampment on Zakho's outskirts.

"That should start in earnest in two days," General Garner said. "The trickle has already begun."

He said that refugees who were healthy and had transport of their own would make their own way down the mountains, and that the military would arrange transport for the others.

The United Nations will take its first step on Tuesday toward assuming control of the camps for Kurdish refugees being built by Western forces in northern Iraq, officials said.

A UN statement said the organization would send a humanitarian convoy from Turkey into Iraq on Tuesday morning "to establish a regular presence in northern Iraq."

At the UN headquarters in New York, the five permanent members of the Security Council considered a British proposal on Monday that the United Nations send a police force to guard Kurdish refugees in northern Iraq once allied troops leave.

But diplomats from the five nations — the United States, Britain, France, the Soviet Union and China — said a council resolution was not being considered at this stage.

The chief U.S. representative, Thomas R. Pickering, said the United States was "taking a positive look at this possibility as well as other possibilities."

Ideally, the Western allies would like the UN to send a force to negotiate a larger UN presence, including lightly armed police to keep order with Iraqi officials under an agreement already signed that calls for UN-administered humanitarian centers around the country.

President Turgut Ozal of Turkey called on Monday for a long-term Western military presence in northern Iraq, saying Iraqi Kurdish refugees would only return home with such a guarantee.

"If the allied powers do not maintain their presence in northern Iraq, the Iraqi Kurds will start running again as soon as they see an Iraqi soldier," Mr. Ozal told the Iranian press agency IRNA.

Mr. Ozal said that neither UN guarantees nor the agreement between the Iraqi government and Kurdish rebel leaders would be sufficient to persuade the Kurdish refugees to go back home from their squalid camps along the Turkish and Iranian borders.

"They will only return if they are protected by a powerful military force," he said.

Turkey on Monday lifted the restrictions on food exports to Iraq that were imposed last year in compliance with the UN trade embargo after Iraq's invasion of Kuwait.

General Garner and officers from the other coalition contingents met for 40 minutes with a top Kurdish guerrilla leader in the Zakho area on Monday, who agreed to allied appeals that his men, who man several checkpoints

Kiosk 'Slim' Results In Baker Trips

WASHINGTON (AP) — The White House said Monday that Secretary of State James A. Baker 3d's Middle East peace missions have so far yielded "slim" results.

"Obviously, that's been somewhat disappointing," the White House spokesman, Martin Fitzwater, said. But he said the United States would keep pressing the Arabs and Israelis to solve their differences.

Mr. Fitzwater refused to comment on Israel's retreat from concessions that Foreign Minister David Levy made last week when Mr. Baker was in Jerusalem trying to arrange a regional peace conference.

General News

President de Klerk of South Africa called on black leaders to end the violence. Page 2.

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Filed in Las Vegas
The Las Vegas Review-Journal
May 1 holiday in Europe, the International Herald Tribune will not appear tomorrow. Publication resumes Thursday.



A U.S. Marine handing out packaged meals to Iraqis in the northern town of Zakho on Monday.

Watch Out for Iran, Iraq Says

By Paul Lewis
New York Times Service
BAGHDAD — With United Nations sanctions still in place two months after the end of the war, senior Iraqi officials say the West should be concerned that Baghdad's weakening economic and military position will shift the regional balance in favor of Iran.

"Iran is more pragmatic in dealing with the outside world now, but its regional power aspirations have not changed," a senior Iraqi Foreign Ministry official said.

Syria, in the Iraqi view, accurately read the international scene, deciding that its alliance with the Soviet Union was becoming less valuable and that it needed more financial help from the Gulf states.

Iran, however, remains committed to extending its influence over Iraq's southern Shiite region, in the view of Iraqi officials here. As the U.S. forces pull out of the south, there is concern in Iraq that Iran will again push for influence in that region.

"Iran has changed on economic matters and in dealing with the West," a senior Iraqi official said. "But on regional questions it is still playing the same game, trying to export revolution to Iraq."

Regardless of Iran's intentions, the internal changes that Iraq needs to make to improve relations with the West are certain to be resisted by many in the ruling Arab Ba'ath Socialist Party in Baghdad, Iraqi officials say.

The party will find it difficult politically to be open toward Israel, cooperate with American efforts in the region and soften its traditional militant pan-Arabism, which casts Iraq as the champion of poor Arabs against the rich Gulf sheikhdoms.

And there is widespread recognition among Iraqi policymakers that the United States and its allies are unlikely to be satisfied with any Iranian press agency IRNA.

Iraq's Other, Forgotten Front

By William Drozdiak
Washington Post Service
KARBALA, Iraq — The blood-stained marble and the metal nooses dangling from the ornate ceiling inside the Abbas mosque here attest to the executions of many local officials by Shiite rebels, who exacted revenge for the ruthless suppression they have endured since Iraq's ruling Ba'athist regime seized power in a coup 23 years ago.

The Shiite insurgency, which erupted in the oil-rich southern provinces just days after Iraq's defeat in the Gulf war, represented one of President Saddam Hussein's worst internal security nightmares come true. Throughout the eight-year war with Iran, Mr. Hussein assiduously courted, and brutalized where necessary, his Shiite majority, whose loyalties were always suspect because of their religious affiliation with Iran's Islamic revolutionary leadership.

To the surprise of many analysts, most of Iraq's Shiite soldiers opted to defend their Arab nationality instead of their religion. Every Friday, a parade of coffins bearing the remains of Iraqi Shiite soldiers who died for Mr. Hussein would be carried through the twin mosques of Hussein and Abbas, the prophet Mohammed's grandson.

But last month, any lingering Shiite support for Mr. Hussein's government melted away in an uprising led largely by disgruntled Shiites from the armed forces who had retreated from the misery of trench duty.

Iraqi soldiers who participated in quelling the revolt said that an estimated 3,000 insurgents took up arms and occupied the holiest shrines in Shiite Islam in Karbala and An Najaf for nearly two weeks. They were finally removed by counterattacking members of Iraq's elite Republican Guard. Thus, any aspirations of establishing a breakaway Shiite state in the southern half of Iraq were demolished.

The scale of destruction in this former rebel stronghold is almost overwhelming. Many of the labyrinthine streets and alleys leading to the central square that houses

Major Earthquake Rocks Soviet Georgia

By David Rennick
Washington Post Service
MOSCOW — A powerful earthquake registering at least 7.0 on the Richter scale ripped through the Soviet republic of Georgia on Monday, killing 30 people and destroying numerous buildings, according to official accounts.

Georgian officials said that the quake was strongest in mountain villages near the disputed enclave of South Ossetia and that rescue helicopters were bringing supplies to the region. They said the death toll could rise as rescue workers sort through the rubble.

[A Georgian government spokesman said Monday night that the death toll had risen to at least 63 and that 230 people were injured in the earthquake, Agence France-Press reported.]

The region encompassing Soviet Transcaucasia, Iran said, Turkey has been plagued with earthquakes in recent years. In December 1988, an earthquake in Armenia registering 6.9 on the Richter scale killed at least 25,000 in Spitak, Leninakan and other towns and left hundreds of thousands homeless. Last June, a quake in northwest Iran killed 40,000 people.

Initial reports from Georgia indicated that the casualty rate would be far lower since the tremor spared main population centers.

Seismologists at the Obninsk Center in Moscow said the epicenter of the quake, which struck at 12:12 P.M., was in the mountains about 80 kilometers (50 miles) northeast of the city of Kutaisi and 30 kilometers from Tskhinvali, the capital of South Ossetia.

Aftershocks from the earthquake rocked Kutaisi and the Georgian capital, Tbilisi, at around 5 P.M., breaking windows and shaking the walls of many buildings.

Officials said residents in the Armenian capital, Yerevan, also felt tremors.

Merab Kvitsashvili, the first deputy health minister of Georgia, told Reuters that the death toll was only an early figure and could climb.

There was some disagreement among seismologists on the strength of the quake. The U.S. Geological Survey said it registered 7.2 on the Richter scale, and Soviet officials put the magnitude at 7.1 or 7.0. But Bosphorus University in Turkey said the quake measured 6.5 on the Richter scale.

Before the 1988 quake in Armenia, Soviet officials and the official press habitually covered up or minimized natural disasters. On Monday, the evening television news program "Vremya" carried a matter-of-fact report. It showed various damaged buildings but gave very little specific information.

Communist Chic: Berliners 'Buy East'

By Marc Fisher
Washington Post Service
BERLIN — The jars are stacked lovingly, artistically on white cloth with lace trimming. The labels are plain, though sometimes sticky from the wars within. There are no fancy brand names, just a statement of the simple pleasures inside: Red Cabbage, Spinach, Plum Jam.

Amid the seedy bustle of the Kreuzberg section of western Berlin, where brusque shopkeepers deal curtly with immigrant Turks and angry young frequenters of the neighborhood's "alternative scene," one barely marked shop stands out as an oasis of calm, politeness and strikingly low prices.

This is Brandenburg Country Goods, a small grocery devoted to products of the farms and factories of what was East Germany. The shop is a sudden success, a discount delight for western retirees and struggling young people, a nostalgic venue for eastern customers who now must cross the city to buy goods from their own region.

In the rush to go west last year, most eastern consumers spurned anything that smacked of their socialist past. Even if butter is better and eastern butter is cheaper, it would sit in its gray paper wrapping in lonely stacks on market shelves next to depleted piles of shiny golden-wrapped western brands.

Western supermarket chains pushed the trend along by requiring shops in the east to forsake all eastern goods before the chains would agree to transform their drab, sparsely stocked establishments into brightly decorated, densely packed wonderworlds of fresh, canned and frozen abundance from the land of plenty.

Siegfried Schneider's Brandenburg Country shop is an unapologetic throwback. There are no bright colors, no displays, no freezer cases, no choices. You want sausage? Pick up the can that says "sausage."

Like thousands of other small cogs in Communist East Germany's machinery of repression, Mr. Schneider found himself out of a job after unification. In fact, his entire line of work was abolished. He had been a guard at one of the many border towers designed to prevent East Berliners from breaching the wall built to keep them in.

After the Germans merged last autumn, Mr. Schneider and a group of other former

URITY:
IAL ASPECTS

By Judith Miller
New York Times Senior

(Continued from page 1)

The Associated Press

LEAVING IRAQ—Iraqi refugees making their way Monday to airport buses from a camp in Safwan, Iraq, near Kuwait. They are being flown to camps in Saudi Arabia.

Middle East survey reported. One contract is for 110,000 barrels a day of crude oil to Coastal Corp. for its Aruba refinery in the Caribbean and the other is to Mobil Oil for about 500,000 barrels a month of heavy crude for Far Eastern destinations.

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الشرق الأوسط

OPINION

America Should Be Frank And Seek Soviet Change

By William Safire

WASHINGTON — After victory in the Gulf, America made three clearly discernible blunders.

1. Washington deceived itself by putting its fear of Iraq's national dismemberment ahead of the natural pressure toward ethnic autonomy.

2. It was wholly unprepared for the cruelty of a crumbling regime toward its own people, and for the Kurds' will-

ingness to face catastrophic deprivation in exodus rather than the predations of the ruling elite.

3. It foolishly allowed itself to become prisoner of its stated policy (to drive Iraqi forces from Kuwait) and thereby became powerless to pursue its real policy (to rid the world of Saddam Hussein's regime).

The unstated purpose is to encourage the speediest move toward market salvation and the most sweeping devolution of political power.

Let's recognize those mistakes not to point fingers, though that can be fun, but to pave the way to answering this question: How can America apply those costly lessons of postwar Iraq to avoid worse mistakes in the aftermath of victory in the Cold War? If Washington fails to read the Gulf lessons, all three post-victory mistakes will be repeated on a global scale.

Mikhail Gorbachev and Boris Yeltsin may lock each other in desperate embrace, but the central regime in Moscow is losing its legitimacy as completely, though not as suddenly, as the regime in Baghdad did. The Soviet Union is a zombie nation, an empire of the unwilling, no longer held together by an idea, or an identity, or a sense of purpose; it has defeated itself as completely as Iraq did by inviting its aerial destruction.

Economic collapse looms; even the men said to be in charge in the Kremlin admit that. An exodus of the fearful and the hungry is a likelihood; the rush of a million Jews allowed to leave is an indicator of the tens of millions of other Soviets who will be drawn toward an inhospitable Europe.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Political disintegration is a work in progress. The Baltic states are of right independent; other parts of the internal empire are determined to go; Russia and its remaining neighbor republics are lurching toward a looser union.

Washington is again unprepared for victory. It is so careful to avoid the appearance of triumphalism — with George Bush murmuring his twin mantras of "mustn't gloat" and "mustn't get sucked in" — that it risks watching the triumph of capitalism over communism turn into a series of internal disasters posing external dangers.

The first lesson of Iraq to apply to the Soviet implosion is this: Stop treating the union of republics as more important than the welfare of the constituent peoples. Order and stability are not always found in the status quo; on the contrary, when the tectonic plates underlying nation-states begin to move, you heighten the pressure by failing to recognize new realities.

The second lesson has to do with the duty to intervene when a state's central leaders order their army to kill the people. The United States does not have the ability to intervene militarily in the self-defeated Soviet Union (or in China) as it does in defeated Iraq, but Americans now know they have the obligation to apply all the economic and diplomatic pressure they can bring to bear.

The human rights dimension can no longer be derided as goody-goody; television pictures of "bloody Sunday" and instantaneous commentary have made moral judgment and the force of global revulsion a part of realpolitik.

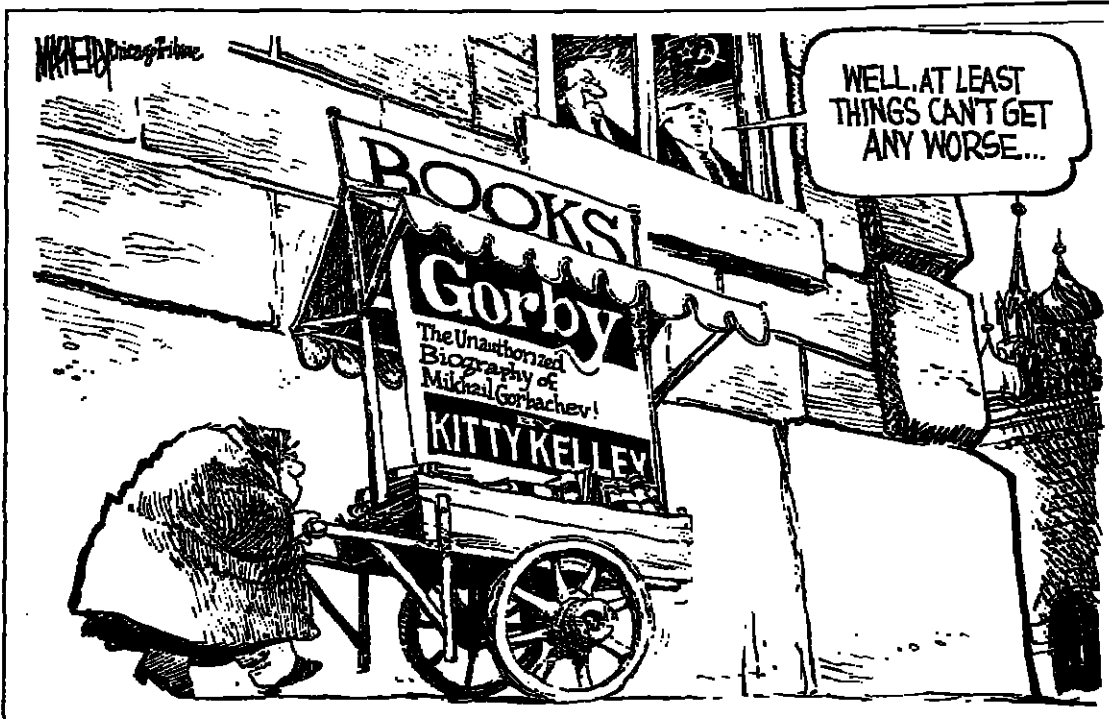
The third lesson: America must not do in the ongoing Soviet collapse what it did in the sudden Iraqi collapse — become captive of stated goals to the detriment of national purpose.

In assembling a great convoy, even a superpower must go as slowly as the slowest necessary ship; that is what was done in the Gulf, limiting the stated goal far short of the real, well-known and avowedly unstated purpose. But when the stated goal has been reached and the purpose is in view, America should not become crabbed by its own rhetoric; it should pursue its purpose more publicly.

The stated U.S. goal in the Soviet Union is stability and orderly change, but the officially unstated purpose is to encourage the speediest move toward market salvation and the most sweeping devolution of political power.

This is morality and practicality, once antithetical, now intertwined. History is just beginning; the last standing superpower cannot escape involvement in the consequences of its success and its adversary's failure. As we Americans have seen in the microcosm of Iraq, when we pretend otherwise, we put ourselves to shame.

The New York Times



LETTERS TO THE EDITOR

Filling a Void in the Gulf

The axiom that politics does not tolerate a vacuum of power and its corollary, that neither is a military vacuum tolerated, is particularly valid for the Gulf. Since the collapse of the Shah of Iran's regime, there has been no regional power able to fill the political and military vacuum. The attempts by Saddam Hussein to assert Iraq as a dominant regional power have failed: The war with Iran did not achieve the desired political and military objectives, and the invasion of Kuwait resulted in a humiliating defeat.

The void of power is temporarily filled by the coalition forces still in the region, despite the fact that their primary mission was the liberation of Kuwait. We should recognize that those forces are now playing a stabilizing role and that their mission has been enlarged.

As those forces disband, the regional ambitions and ancient rivalries will rise again with unpredictable consequences.

United Nations forces are designed to separate opposing forces, not to play a strategic role. A regional alliance is still in limbo and will take time to materialize. Until then, it appears that the only way to avoid a vacuum is to keep allied forces in the region under UN aegis.

PIETRO POZZI, Rome.

Israel After the Gulf War

It is incredible, after the Gulf war, that people believe that the principal obstacle to stability in the region is the Israel-Palestinian problem. The decades of dues paid by Arab states to Palestinian terrorism, Arab refusal to accept the

existence of Israel and excessive Israeli crackdowns on civilian rioting, all combined, have persuaded many that peace would be at hand as soon as Israel withdrew from the occupied territories.

Now there has been a war, in which the death count is estimated to be more than 100,000, including 5,000 Palestinians in Kuwait, where another 400,000 Palestinians can no longer live peacefully — all this having nothing to do with Israel — and there is no evolution in the understanding of the problem.

A great share of the blame falls on Prime Minister Yitzhak Shamir and his government. Instead of hiding from U.S. pressure, Israel should be putting the pressure on Mr. Shamir should initiate negotiations by declaring that there are no preconditions concerning what Israel will give up in return for obtaining a real place in the Middle East. (Israel would be wrong to declare its negotiating position before negotiations begin, because this would require the kind of internal debate that would put a democracy at a terrible negotiating disadvantage.)

Long-term uncertainty — with continued civil unrest — serves no one's interests, including those of Israel. And if a postwar opening exists, it is for countries in the region to exploit it.

Arab states can no longer pretend that the "devil" in the region is Israel and that the Palestinians are uniquely Israel's victim, given the aggressive persecution of Palestinians in Kuwait. And Israel can no longer pretend that the status quo does not inherently weaken its goal of achieving normal relations with its neighbors.

But if even now, after the war, viable negotiations cannot occur because of Arab unwillingness to participate in a

peace process without prior conditions, then Israel will be justified in taking the strictest measures to ensure its security and territorial integrity.

The "new world order" has to be based on some form of accountability, and it is a sad commentary on the shortsightedness of the United States that Israel is being painted as more of an obstacle to peace than such Arab states as Jordan or Syria.

MARK L. COHEN, Paris.

Nonviolence, in Particular

In response to "For German Social Democrats, a Reluctant No. 1" (April 17):

Björn Engholm, leader of Germany's opposition Social Democrats, when criticized by leftists, including Günther Grass, for seeming to support the U.S. position in the Gulf, said that some people thought every problem could be solved without conflict if only one tried hard enough. "I would like to believe that," he said, "but I don't."

Mr. Engholm misses the point. At issue are not generalities, not "every problem," but this war and its alarming results. Sanctions would have worked. The mess that the war has brought — the dispossessed and dying Kurds; the threat of epidemics in bombed Iraq; the continuing atrocities in Kuwait; the enormous devastation of the environment — could have been avoided. General philosophical comments don't help to clarify the tragedy in the Gulf.

LEONORE SUHL, Portimão, Portugal.

How Grandfather Entered An Absorbing New World

By Robert B. Goldmann

NEW YORK — Opa — that is what we called my mother's father — did not want to leave Frankfurt. He said Germany was a state of laws, and Hitler an aberration. "It can't go on this way," he kept on saying, even after his wife's suicide in 1935 and after Kristallnacht in November 1938. In the spring of 1939, when my parents and I emigrated, Opa stayed behind. At 74, he moved into a

spending too much time together. My father was busy with his medical books, and my grandfather enjoyed taking walks around the neighborhood. After a few months, he decided to learn English.

My mother found out that free classes for foreigners were available in a nearby public school. Opa went, and because he did everything thoroughly, he rarely missed a class. His 1943-44 workbook shows his progress. His German-style handwriting spells out English grammar, the names of American presidents, the words of "The Star-Spangled Banner" and brief accounts of events in American history.

America was exerting its pull. We did not urge him to "become an American." We didn't think it was important. Neither his age nor his German-ness would make it a promising endeavor.

But it was happening anyway. Unlike Europe, where people thought in terms of national cultures to which immigrants were expected to adjust, and where institutions and social patterns created both pressure and resistance, America left people their choice. There was no pressure to speak English. It was natural to get a job and go to school at night, without worrying about social class or other where-one-belongs considerations.

In the first year or so we did not realize what was happening to us. We were taken aback by the many Chinese, Mexicans, Caribbeans and other different-looking people in New York. As time went on, imperceptibly, we took it for granted.

Instead of making us absorb the culture, the country seemed to absorb us. Instead of the country demanding appreciation for welcoming us, we welcomed the country. We spoke with an accent and looked different, but so did almost everyone else. What did "different" mean in America, anyway?

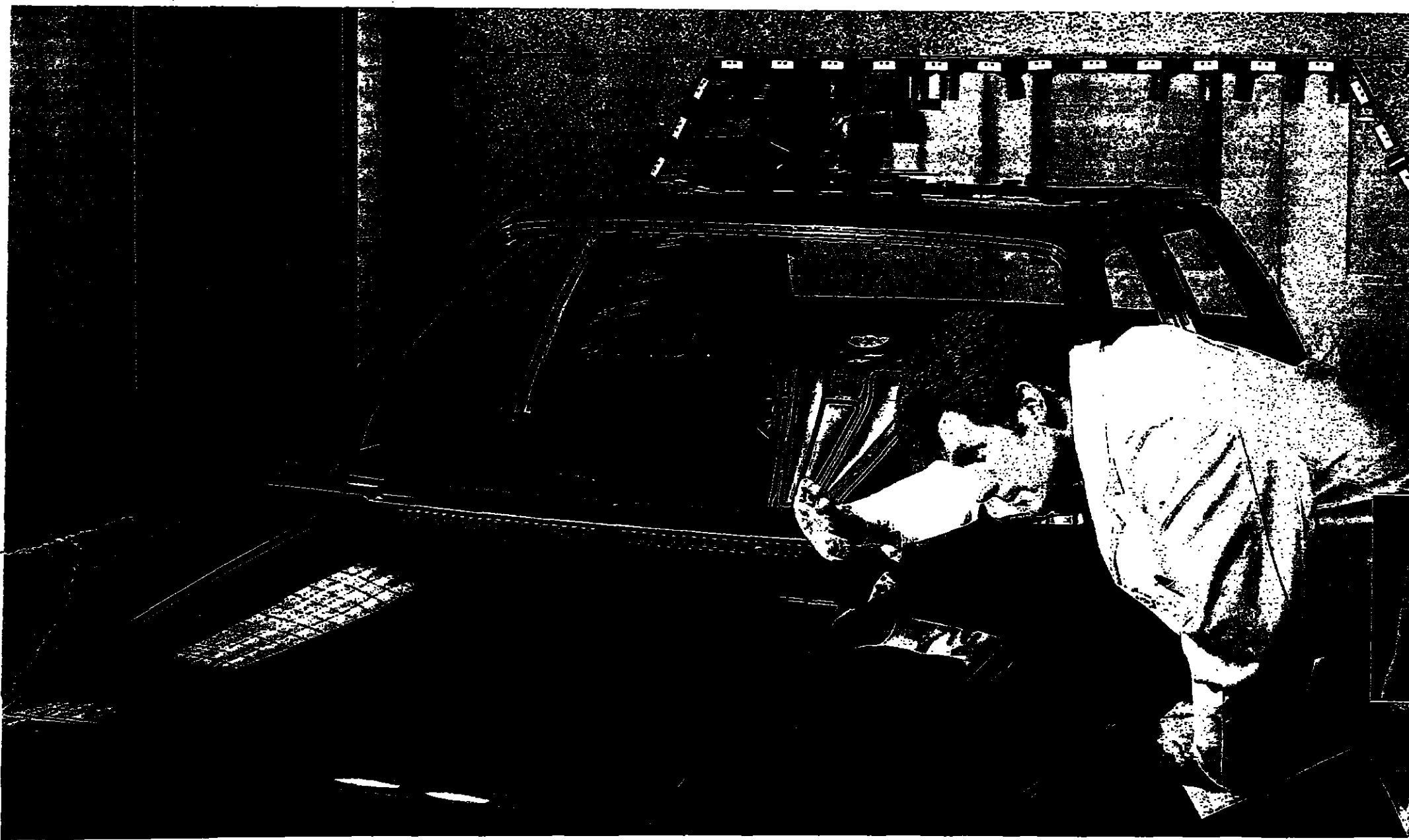
In my grandfather's notebook, on the first page, is a letter to his teacher, Miss Tracy, dated Sept. 27, 1943, which says the pupil "was absent Friday because he caught a cold." On the sixth page is a meticulously written list of the then 48 states. The next page lists the 32 presidents, down to Franklin D. Roosevelt.

Opa learned to compare-shop and was a big help to my mother, who was by then busy as my father's office nurse. It did not bother him to shop for groceries, although as a distinguished older gentleman he would never have dreamed of doing it in Frankfurt. It was fine in New York; nobody seemed to care.

The next September he was back at school for more English, more American history, more experiences to discuss at the dinner table. Corn flakes had become his favorite breakfast food. Hermann Frohmann had made it — out of Germany, reluctantly, and into America. He died, a not very new American, at age 89.

International Herald Tribune.

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The Nation: 125 Years on Left

Feisty Weekly Does More to Incite Than Unite Liberals

By Randall Rothenberg
New York Times Service

NEW YORK — A reporter once asked Calvin Trillin to describe The Nation, the left-leaning journal of opinion. "It's a pinko magazine," Mr. Trillin replied. Surely, the reporter prodded, he must have more to say about it than that. "Yes," Mr. Trillin said. "It's a pinko magazine printed on very cheap paper."

Mr. Trillin, a contributor, was one of 215 writers, scholars and politicians who on Sunday night celebrated The Nation's 125th anniversary and its standing as the oldest continuously published weekly magazine in America.

But it's a curious thing about The Nation — it draws barbs from left and right, contributors and critics alike.

One might expect condemnation from William F. Buckley Jr., founder of The National Review, who calls The Nation "to the left of Khrushchev." Less expected is the disapproval of Representative Barney Frank, a Massachusetts Democrat, who says, "It's important for liberal Democrats to show that by and large we don't agree with The Nation."

To Victor Navasky, its editor, it is just such censure that has nourished the magazine. The Nation's strength, he said, is not that it unites liberals, radicals, progressives and populists, but that it incites them.

"The real role of the magazine is to cover the events of the day in a critical spirit," said Mr. Navasky, 58, who has led The Nation for 13 years. "We are in the tradition of dissent. We counter the official view."

Since its founding in 1863 by E.L. Godkin, a British expatriate and ardent abolitionist, The Nation has wrapped itself around civil rights and civil liberties. And it has opposed U.S. interventionism abroad with equal fervor.

Its cases and causes have been taken up by a who's who of international arts and letters. In The Nation's newsprint pages, Albert Einstein argued for international disarmament and Langston Hughes criticized the urge among young black writers "to pour racial individualism into the mold of American standardization."

The Nation sent its correspond-

ents to chronicle the exploits of Augusto Cesar Sandino in Nicaragua in the early 1930s and the plight of Sacco and Vanzetti in Massachusetts in the 1920s.

In 1960, it unveiled the CIA's training of Cuban refugees for the Bay of Pigs invasion.

By then, The Nation was struggling with declining readership and growing political disaffection. Although it turned a profit for two years during World War II, the magazine sank into marginality during the 1950s because its longtime editor, Freda Kirchwey, remained enamored of Stalin and the Soviet Union.

Changes in editors and owners helped little. When the magazine, deeply in debt, was sold in late 1977, its circulation had declined to 18,000 from a wartime high of about 50,000.

Yet even as the country pulled to the right in the last decade, The Nation held insistently to its leftward course.

Recently, for example, the journal equated Iraq's invasion of Kuwait with the United States' capture of Manuel Antonio Noriega of Panama, arguing that each of the opposing leaders, Saddam Hussein and George Bush, was "the undisputed bully" of his region.

Contrariness has paid off, vaulting The Nation to nearly 100,000 subscribers, a level it shares with its younger and politically centrist archrival, The New Republic, which last week won a National Magazine Award from the American Society of Magazine Editors. The Nation, although nominated, was bypassed.

One reason for The Nation's growth is that it has consistently made news under Mr. Navasky's tenure.

In 1979, for example, it got hold of a typescript of former President Gerald R. Ford's memoirs. Its publication of excerpts dealing with Mr. Ford's pardon of Richard Nixon led to a Supreme Court decision upholding copyright protections against the magazine's First Amendment right to publish the memoirs as news.

Supporters say The Nation has also grown because Mr. Navasky has succeeded in appealing to the fractious constituencies that make up the left.

"Victor's the mayor of a small town," said Jefferson Morley, a Washington-based contributing editor. "I think his goal is to advance the dialogue between the liberals and the lefties, the liberals being those who have at least one foot firmly in the current political system, and the left being those who are part of an alternative political culture."

Arthur L. Carter, the publisher, is the latest in a long line of rich patrons who have shepherded The Nation from its inception. The magazine's losses still total more than \$400,000 a year.

Mr. Carter, 59, describes his politics as "pretty much down the middle" and seems to have bought The Nation simply because of an odd fondness for small, struggling publications.

He said he was comfortable that "The Nation has taken the position of the disenfranchised," but he confesses discomfort with some of the magazine's positions, notably its antagonism toward Israel.

Others have accused it of trying too hard to appease an Old Left that is still fighting the battles of the 1940s and 1950s.

Martin Peretz, the editor and owner of The New Republic, said: "I suppose every editor and every magazine has its own obsessions. The Nation's symptomatic obsession is to prove the innocence of the Rosenbergs and Alger Hiss."

While not denying their ideological differences, Mr. Navasky said that is an occupational hazard. "Our job," he said, "is to tell the truth."



INAUGURAL BALL — President George Bush preparing to tee off on the first hole of the new Lake Manassas golf course in Virginia. His playing partners were his brother William, his nephew Scott Bush, and Transportation Secretary Samuel K. Skinner.

6th Round For Manila And U.S. On Bases

New York Times Service

MANILA — After almost a year of negotiations, the Philippines and the United States hope to finalize a military bases treaty this week, officials from both sides said Monday.

But the two countries must still resolve disagreements on how long the U.S. bases will stay and how much the United States will pay, they said.

The Philippines has asked for \$825 million a year in compensation for a seven-year extension of the bases. The United States has remained firm in its offer to pay \$360 million a year for a 10-year stay of the bases.

"We've gone as high as we can go in terms of appropriated funds — \$360 million," said the U.S. panel spokesman, Stanley Schaefer. "But we're willing to look at other forms of base-related compensation."

Earlier, the Philippine panel asked the United States to be flexible and consider such noncash payments as debt relief and trade access, among others.

President Corason C. Aquino last week said that "flexibility must be on both sides of the negotiating table."

She said a treaty extending the stay of the U.S. bases might not be in sight since the United States had not responded to proposals of the Philippine panel.

But the chief U.S. negotiator, Richard L. Armitage, who arrived Monday for the talks, did not publicly make any offer nor respond to the proposals for other forms of payment.

The two negotiating panels will meet again Tuesday. The lease on the largest U.S. military bases in Asia expires in September.

Mr. Armitage said that the United States would remain a Pacific power and that Washington "wishes to play a positive and supportive role in the political and economic transformation of the Philippines in the 1990s."

Reacting to earlier statements from Philippine officials threatening immediate U.S. withdrawal if a treaty was not concluded soon, Mr. Armitage said, "The U.S. sees nothing to be gained by engaging in heated polemics and exaggerated rhetoric better suited to the 1950s."

The Philippine foreign affairs secretary, Raul Manglapus, responding to the U.S. position, said there was "no reason for us to be more confident" of concluding an agreement by the end of the week.

A U.S. Bank Error Is Bonanza for Chinese School

By Nicholas D. Kristof
New York Times Service

YEJUAO, China — In June, Dai Manju will celebrate a personal triumph: a quiet pin-sized 14-year-old who is an ace student, she will become the first person in her family ever to graduate from elementary school.

Perhaps her family will even celebrate by eating a bit of meat. There is the plump hog noising around the corridor outside her mud-brick home, but the family thinks it would be a bit extravagant to eat the pork instead of selling it.

"Oh, we can't eat meat regularly," said the girl's father, Dai Hanren, a 36-year-old peasant, shaking his head when asked if the family splurges on meat once a week or even once a month. "Our custom is to eat meat only on special festivals."

Miss Dai dropped out of elementary school several times because she could not pay the \$13 annual school fees, including room and board. But now she and most of her classmates are planning to stay in school, thanks to a series of contributions from the United States and to a clerical error by Morgan Guaranty Trust Co., the New York bank, which mistakenly sent the school \$10,000.

The error came about after 11 readers of The New York Times sent checks ranging from \$13 to \$100 to help Miss Dai and her classmates, after reading an article in December about their struggle to stay in Yejiao Elementary School.

Morgan Guaranty, in preparing a bank draft for Chinese yuan on behalf of one of the donors, neglected the decimal point in the exchange rate and sent \$10,000 worth of yuan instead of \$100 worth.

There has been much rejoicing in Yejiao over the contributions, and Miss Dai says she will now be able to afford not only to complete elementary school and enter junior high, but also to attend senior high and perhaps even go to college and fulfill her dream of becoming a teacher.

"I like school, because I want to increase my knowledge and learn about everything happening in the world," Miss Dai said. "I'd like to thank the friendly Americans who sent money to keep me in school."

The peasants of Yejiao are still shaking their heads at the generosity of Americans. As for the bank, John M. Morris, a spokesman for Morgan Guaranty, said that such mistakes were very rare and that the bank would not try to reclaim the extra \$9,900 that it sent.

"Under the circumstances, we're happy to make a donation of the difference," he said. The triumphs and traumas of education in this remote part of the Dabie Mountains in Hubei Province are a window into Chinese rural life.

About 800 million of China's 1.1 billion inhabitants live in the countryside, and going to school in little villages like Yejiao is still often regarded as a treasured opportunity, partly because it is relatively expensive.

Miss Dai's home is in a collection of mud-brick huts on a hillside, a two-hour hike over mountain trails from the elementary school village of Yejiao. The Dai home has no electricity, no watch or clock, no bicycle and few furnishings.

Neither of Dai Manju's parents went to school beyond the third grade, and both are illiterate. Only about a dozen people from her hamlet and the surrounding ones, with a total population of 1,300 people, have graduated from senior high school.

With the donations from American readers, Yejiao Elementary School provided scholarships, mostly ranging from 50 cents to a few dollars, to 92 of the 174 pupils.

Despite the scholarships, five students dropped out of the elementary school at the beginning of the new semester after spring vacation. But without the money, even more would have dropped out, said Li Huachun, the principal.

Although money is the major reason why parents pull their children out of school, it is not the only one. Parents often want their children to help around the house or in the fields, and, particularly for daughters, who will be married soon, an elementary school education is sometimes regarded as an unessential luxury.

In addition to providing the scholarships, the authorities say they used most of the \$10,000 from Morgan Guaranty to help build an elementary school in the next village to replace the Yellow Mud Elementary

School, which is crowded and falling apart. The old school, which is made of mud bricks and whose roof leaks, is already jammed but is getting more children all the time.

To build the new school, the government and a large Chinese company provided \$30,000 (the corporate donor is Stone Corp., a national computer company that is in political trouble for supporting the 1989 democracy movement, and that is now trying to impress the government with its altruism). Local peasants and officials contributed a total of \$5,000.

In some respects, conditions at rural schools are indeed miserable in China. Classrooms are unheated, so that in winter pupils' fingers are sometimes so cold that they can barely write. Many students live in dormitory rooms six nights a week, sharing a large bed with a half-dozen classmates, and spend only Sunday at their homes.

The dormitory rooms have no running water, and the outhouses — Yejiao Elementary School's toilet consists of three holes in the ground, surrounded by a low wall — are putrid and unlighted at night. There are no bathing facilities, and in winter the students wear the same clothes all week.

Yet, crime and vandalism are almost unknown, teachers are honored — the students stand at attention and utter a respectful greeting when the teacher enters the room — and the most popular students are not the athletes or the troublemakers, but the most gifted academically.

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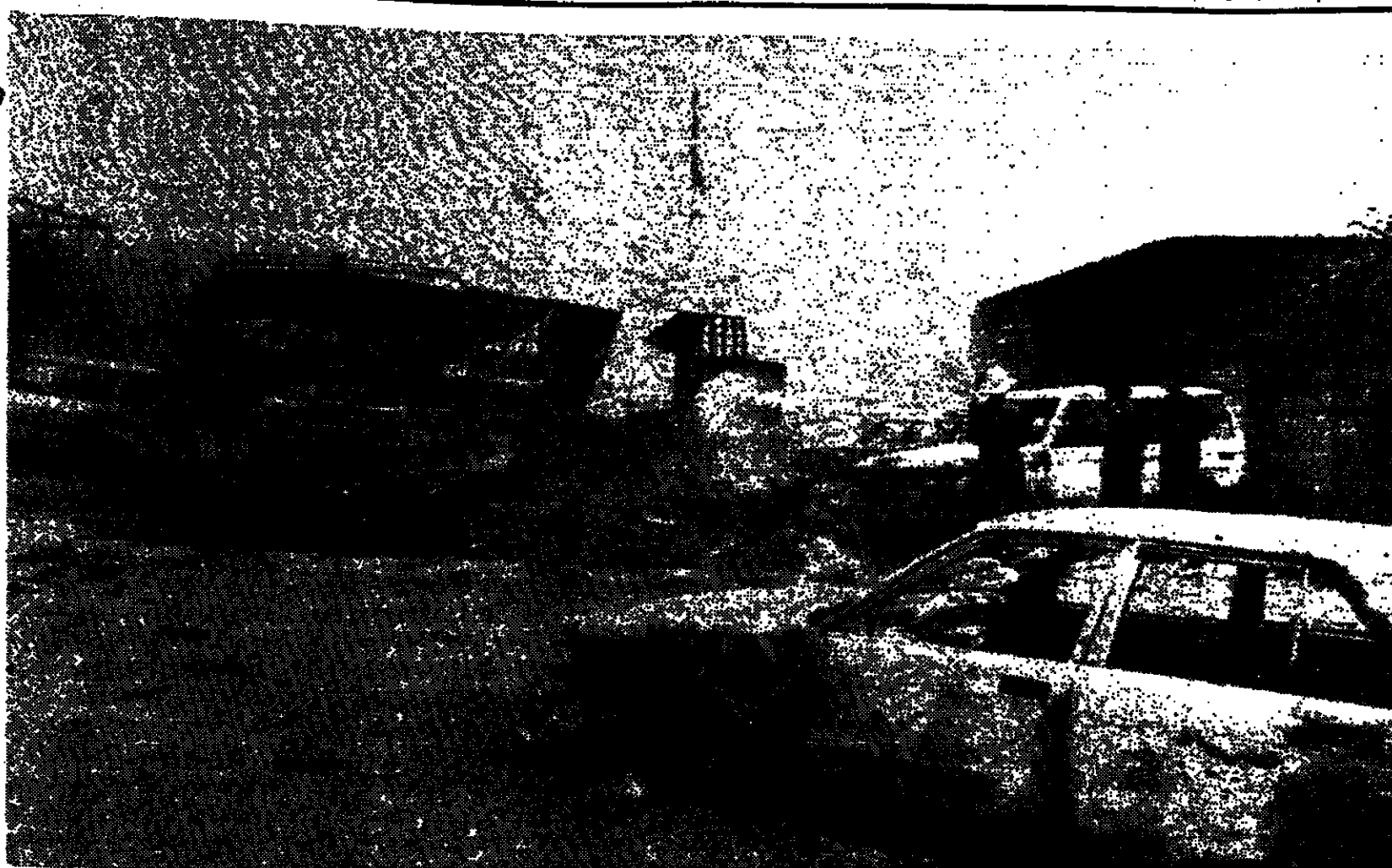
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AMMUNITION TRUCK EXPLODES — The remains of a Kuwaiti military truck smoldering outside a hotel in Kuwait City on Monday. The truck, which was carrying ammunition left by the Iraqi Army, was rocked by a series of explosions lasting about 30 minutes outside the hotel, which is the headquarters of the United Nations force deployed to oversee the Gulf war cease-fire. Four civilians were wounded by the blasts. Officials said the ammunition was detonated accidentally.

SHOP: Communist Chic? Some Nostalgic Berliners Are Buying 'East'

(Continued from page 1)

East Germans decided to open a shop that would proudly offer only the products of the farms and factories that were rapidly closing around them.

KURDS: Set for Return

(Continued from page 1)

on roads to Zakho, would not impede the return.

Allied troops drove the Kurdish commander, who gave a nom de guerre of General Ali, and 11 other rebel leaders through Zakho to show that the town was cleared of the Iraqi military, U.S. sources said.

The rebel leaders were also flown by helicopter to the biggest Kurdish checkpoint, where General Ali instructed guerrillas not to stop returnees, U.S. sources said.

Allied officials were angered and dismayed Sunday when guerrillas at several checkpoints turned back refugees, including several sick women and children.

The guerrillas maintained that the town was unsafe, as 50 Iraqi policemen and suspected agents of President Saddam Hussein's secret police were still there.

"We asked them to come in and discuss the return of the people," General Garner said.

From 700,000 to 800,000 Kurds are living in makeshift camps in a mountainous crescent on Iraq's northern border with Turkey, where they fled from advancing Iraqi troops after an abortive uprising in March.

The allies are hoping for an orderly return so that aid facilities and the tent camp are not overwhelmed. (AFP, AP, Reuters)

The group arranged for support from a collective that had backed some independent businesses in the dying years of the Communist regime. They rented a storefront next to a Turkish vegetable dealer, and found they had an instant hit.

"The goal is to create a market for eastern enterprises," said Mr. Schneider, who often disarms westerners accustomed to gruff, impolite shop clerks by being so friendly as to volunteer where his tomatoes are grown and what differentiates one type of noodle from another.

"But we are also here for the customers who really want to talk about their problems, who have questions about how the market works," he said.

The store's motto: "It's totally wrong that everything from the ex-East Germany is lousy."

"There is a bond among us," Mr. Schneider said, meaning both his clerks and the customers from the east in search of vanishing old favorites: an East German sour cherry juice or a variety of mustard that, to a western tongue, tastes vaguely of gasoline.

The only nonwestern goods in the place are Iranian pistachios and bananas from Ecuador; no German food shop catering to easterners is conceivable without bananas, which were unavailable under communism and now have become one of the region's favorite foods.

Selling the edible output of a country long disparaged in the west for appallingly bad food products

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has made the shop on Oranienstrasse a target of western sarcasm. "We're not here to make a maximum profit, but to offer good prices and make the eastern products better known," Mr. Schneider said. "The easterners come back to the old products. They're accustomed to a certain color, taste and texture." Yes — gray, awful and stale, many westerners would say.

Others disagree. Frank Zamboni lives only a few blocks from the store and buys plum jam and cake because they are cheap, good and convenient. "I'm not here for ideological reasons," he said, "but there's nothing wrong with this stuff." Some easterners, he said, are childish in their desire for everything western.

But that can be a two-way street. Some westerners get downright giggly in Mr. Schneider's shop when

he hands them their purchase in an old plastic bag salvaged from the Society for German-Soviet Friendship.

Phone Service Returns To Areas of Baghdad

Restored

BAGHDAD — Iraq announced Monday that telephone services, which were destroyed by the Gulf war, would be restored in some areas of Baghdad on Tuesday.

The Iraqi press agency INA said telephone exchanges with a capacity of 1,000 lines each would provide services for private and government use. Telephone and telefax lines to and from Iraq have been cut since Jan. 17, when the U.S.-led allies launched their assault to drive Iraqi troops from Kuwait.

Sudan Announces Dissident Release

The Associated Press

KHARTOUM, Sudan — Sudan's military ruler, General Omar Hassan Ahmad Bashir, announced Monday that he was releasing all of the country's political prisoners.

General Bashir did not specify how many people were involved. But the chief justice, Jallal Ali Lutfi, said that about 100 people were being detained in Sudanese prisons on political grounds, according to the Middle East News Agency.

General Bashir led a military coup in 1989, overthrowing the democratically elected government of Prime Minister Sadek Mahdi. International human rights organizations have accused the military regime of imprisoning and torturing hundreds of political opponents.

Israel Public Not So Hard-Line

A Mood Leaning to Compromise Runs Counter to Shamir

By Jackson Diehl
Washington Post Service

RAMAT GAN, Israel — Three months after an Iraqi Scud missile devastated a full block of apartments and shops here, Moti Salem is still running what used to be the family grocery store out of a railroad boxcar. Behind the stuffy iron container — the government's idea of emergency relief — is all that remains of his family home, a dirt pit inside a shattered apartment building.

For Mr. Salem and hundreds of neighbors in this working-class suburb of Tel Aviv, the rubble of the Gulf war would seem to belie the latest claims by a U.S. administration that Israel can make peace with the Arabs. Still, this sturdy, soft-spoken shopkeeper said his opinion had not changed. If the Arab states are really willing to negotiate, he said, Israel should meet their demand to give up its occupied lands.

"There has to be something now that will come out of the Gulf war," said Mr. Salem, a native Israeli whose own parents, as refugees from Morocco, lived in a tent city here when he was born in 1951.

"The war just proved that land doesn't play much of a role at all," he said. "If Saddam Hussein could send a missile 1,000 kilometers here to hit us, what difference is another 300 kilometers of space going to make?"

Mr. Salem's view is far more conciliatory than that of the government of Prime Minister Yitzhak Shamir, which has vowed never to withdraw from the occupied Golan Heights, the West Bank and the Gaza Strip and has resisted even procedural concessions in its latest talks with Secretary of State James A. Baker 3d.

Nevertheless, interviews with victims of Iraqi missile attacks, as well as broader studies by pollsters, suggest that Mr. Salem's attitude is shared by a majority of Israelis in the aftermath of the Gulf war.

Despite Iraq's aggression against Israel and the cheers it roused from Palestinians in the territories, Israelis have emerged from the war more eager than ever to make peace, and more willing to consider compromises with the Arabs, experts said. It is a mood that runs strongly counter to the hard line of Mr. Shamir's government, and some experts say they see it as a potential resource that both the United States and moderate Arabs should be trying to tap.

A direct appeal to the Israeli public that did not appear to attack

the government, but that was a positive appeal for peace linked to guarantees of security for Israel, could have a terrific effect on public opinion here," said Yaron Ezrahi, a political scientist at Hebrew University in Jerusalem. "Public opinion in Israel is very malleable, and can be swung quickly by clear or dramatic signals." Israel's population is about 85 percent Jewish and 15 percent Arab.

To be sure, Mr. Ezrahi and other experts point out, Israelis continue to be deeply divided on the issue of trading captured territory for peace. A recent poll by the newspaper Yedioth Aharonoth showed 39 percent in favor — and the same percentage opposed. Other polls show that a decisive majority of Israelis still reject the Palestinian goal of an independent state in the West Bank and Gaza.

Still, a recent study by the Jaffee Center for Strategic Studies at Tel Aviv University showed that, instead of hardening Israeli opinion, the Gulf war slightly accelerated a decade-long drift by Israelis toward accepting the return of the territories. According to the postwar survey, 58 percent of Israelis now favor ending direct rule of the West Bank and Gaza, up from 50 percent a year ago and 46 percent five years ago.

"Israelis more than before the war see peace as an important goal and are more optimistic than ever before that it can be achieved," said Asher Arian, the Haifa University political scientist who directed the survey.

"What we have here is a basic predisposition," he said. "Given the right circumstances, the Israeli public could follow in either direction — toward a peace settlement or against."

Mr. Arian and other political scientists said they found it paradoxical that many Israelis continued to support Mr. Shamir and the Likud Party despite its hawkish stands. The Jaffee Center poll, for example, showed that half of the Israelis questioned supported an international peace conference and two-thirds would agree to negotiations sponsored by the United States and the Soviet Union. Yet when Mr. Baker failed to obtain Mr. Shamir's agreement to those very formulas in four recent trips to Jerusalem, Mr. Shamir shrugged.

Most to some extent, the contrast between public opinion and the government is a product of Israel's political culture, in which determined leaders like Mr. Shamir have usually won public acceptance for

whatever course they pursued in foreign policy. At the same time, however, many analysts said the Bush administration's approach with Mr. Shamir had played into his hands, allowing him to reject concessions without alienating the public.

In its recent peace initiative, as in an earlier effort last year, Washington has focused on intensive and largely secret negotiations involving Mr. Baker, Mr. Shamir and Arab leaders. Both sets of negotiations have become bogged down in bickering over complex and sometimes arcane procedural matters.

Now, much as a year ago, Mr. Shamir appears to many Israelis not as a leader who rejects peace offers, but as a tough bargainer who is stoutly resisting unfair "pressure" from an unsympathetic U.S. administration.

IRAQ: Warning on Iran

(Continued from page 1)

thing short of an explicit commitment by the leadership to a new and more cooperative approach to Middle East issues.

This has not come about. But there are signs that Iraq's leadership is reappraising its policies in light of the Gulf war and the high priority it places on getting UN economic sanctions lifted.

President Saddam Hussein's decision in March to relinquish his other post, that of prime minister, and give it to Saadoun Hammadi, an American-educated Shiite Muslim, was widely seen as an effort to give the government a more pragmatic image.

At his first press conference last week, Mr. Hammadi said a debate was under way in the Ba'athist leadership over the country's course. And he stressed that his priority was to comply fully with the UN Security Council's terms for easing the sanctions.

This means not only surrendering Iraq's weapons of mass destruction and paying compensation to Kuwait, but also accepting the prospect of a long military embargo that will further weaken Iraq's armed forces.

Even the restoration of normal civilian trade with the world depends on the Security Council being satisfied with "the policies and practices of the government of Iraq," a phrase that can be widely interpreted.

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Great Britain D.M.	0800/700 600	640	452	352	194
Greece Dr.		810	282	416	217
Ireland Ir.		175	98	96	53
Italy It.		57,000	23,060	31,400	17,300
Japan Yen		195	107	99	59
Luxembourg L.F.	32/3-271 03 04	450,000	350,800	250,000	138,000
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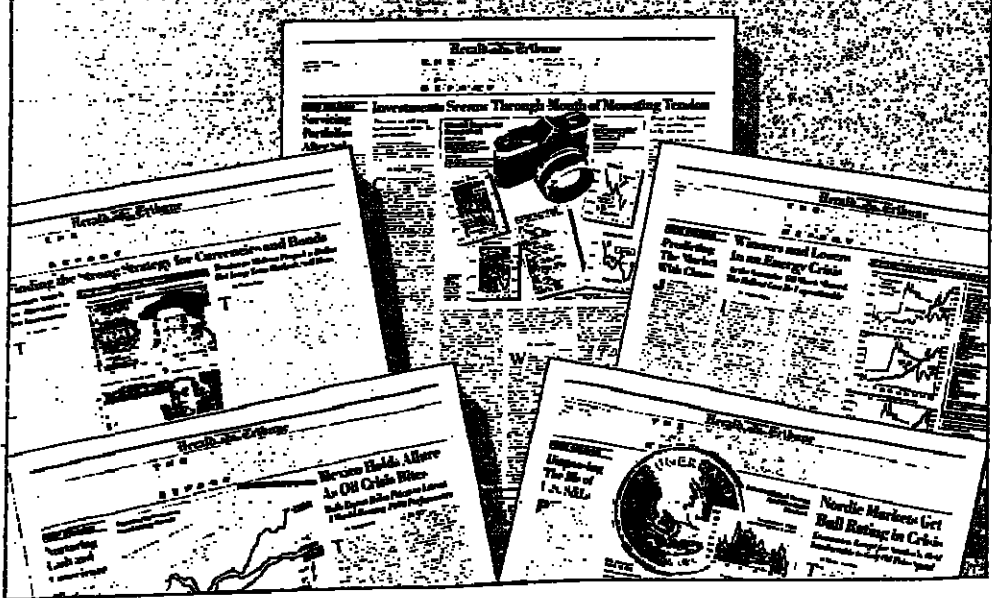
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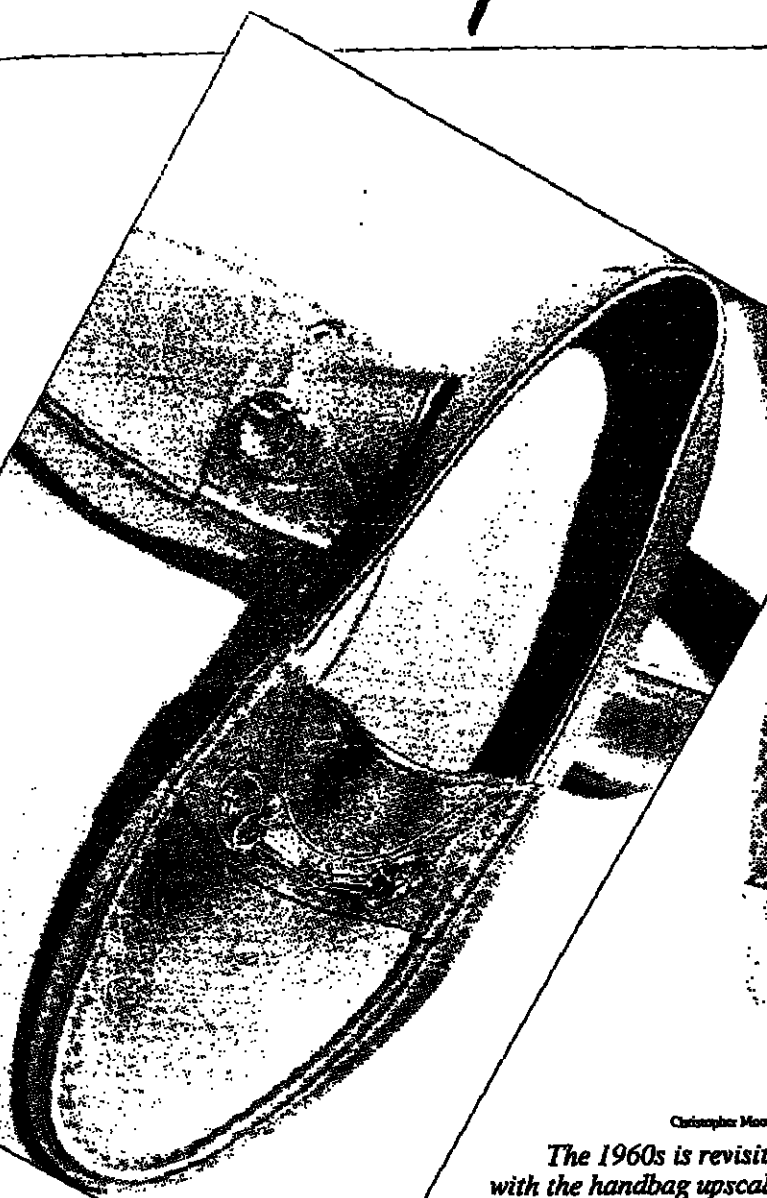
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Style



Chris Deane/The Independent (shown)
The classic Gucci loafer has become a funky success symbol for the young.



Catherine Mouton
The 1960s is revisited with the handbag upscaled for modern women. Far right, Dawn Mello and Maurizio Gucci.



Gucci Takes Its Heart Off Its Sleeve

MILAN — Gucci is the mother and father of status symbol fashion. The horse bit shoe buckles and the double-G logo were totems for yuppies before the word was invented.

The house also became a paradigm for designer labels, when all is image with no substance. Gucci, racked by family feuds and financial scandal, exploited the name until GG key rings and polyurethane-coated pocket books were on sale on everyone's Main Street.

"In the past the concept was of milking the cow — but I believe we also need to grow the

SUZY MENKES

grass," says Maurizio Gucci, the 42-year-old grandson of the founder, choosing a suitably ecological metaphor for the task he has set himself for pastures new in the 1990s: to bring the family firm back to its roots of quality, good design and service to its customers.

"It's a sacred duty," he says, reverting to Italian to express the philosophy that the customer is king. "We don't want our customer to be advertising our name; we believe that the customer today is aware and wants to choose. Our signature is just a guarantee."

This represents a fundamental change of

thinking about luxury goods, which have worn their commercial hearts on their sleeves ever since Pucci and Gucci first put the names on the outside. The customer now has to find pleasure and confidence in the product itself, rather than in its recognizable symbol. So are designer labels out of fashion?

"Gucci is not a fashion or a design house, it was always a trademark," insists Gucci, who holds a 50 percent stake with the Bahrain investment company Investcorp. "But a trademark has to have a specific identity that is the point of reference, in order to have credibility. The story of Gucci is that there were too many cooks in the kitchen. When you have 20,000 products in stock, you lose that specific identity. But what power is still in the trademark? It is the reason why I had all my legal battles so that something that took three generations to build up would not be destroyed."

He picked Dawn Mello, formerly the president and driving fashion force at Bergdorf Goodman in New York, to prove that Gucci could have life without touting its signature.

She has been working there for 18 months and started by rescuing and recoloring the signature accessories. The Gucci loafers and moccasins now come in imperial purple, saffron, rust, crimson. The bamboo-handled bag that became the 1960s signature of Jackie Kennedy, has been upscaled for modern life by Gucci's Florentine factories.

"Fewer women worked in the 1950s and early '60s, so they had small handbags," says Mello. "We worked to make the same designs bigger and roomier. It is a question of finding something that is valid and dusting it off. We are leather experts and what was so fascinating for me was seeing the scope of the company. There are people in the handbag factory who have worked there for 35 years, since the age of 15. One man uses the traditional technique of rubbing the flap of a crocodile bag by hand in a white glove for two hours. These people have passion and they are so excited about returning to quality."

The human resource of its artisans is one of the key elements in the regeneration, says

Maurizio Gucci, who emphasizes the importance he places on quality.

"In the '80s everything was accepted and there was a kind of euphoria," he says. "The '90s will be the balance-sheet decade and only those who give the consumer what they promise will survive."

In March, Gucci unveiled its collection of clothes from its new design team under its director, Richard Lamberton, a New Yorker and formerly an assistant to Geoffrey Beene. There are the key pieces of modern sportswear for fall in deep-pleated trousers, a duffel coat in fluffy charcoal gray alpaca, easy pea coats in double-face wool, a sporty suit in glazed calf or a hooded turtleneck in inches-thick shearling. Colours go from the classic gray flannels and blood cashmere through clear, clean shades of shrimp, pistachio green and gold.

"It is all designed to work together, but every piece is evaluated on its own," says Mello of the classic sweaters in a wide range of colors or the supple leather and suede jackets for men and women. "They are weekend clothes that are

easy to wear, but they are also of the best quality. The clothes have to do with lasting style. They are relatively classic, but of today. They are my kind of clothes."

AND THAT is the strength and the weakness of the new look Gucci: It is in impeccable taste, perfectly proportioned, in felicitously chosen fabrics and absolutely international. But it lacks that extra ring of individual spirit that made Guccio Gucci turn the hunting and horse country life of the Italian aristocracy into goods that Florentine craftsmen could make and wealthy European travelers would buy.

Like Hermès in Paris, Gucci founded its reputation on leather goods and saddlery. Although Hermès, wisely directed by the family, never dissipated its name or lost its reputation for quality, there are striking similarities between the two. Both want to expand beyond their signature ranges and both need to appeal to an international clientele. Both have taken on strong women with a sense of personal style, highly respected in the fashion world. (Hermès

chose Claude Brouet, a leading French fashion editor.)

They have something else in common. In the international underground of street style, both Hermès and Gucci are hot: Hermès scarves and Kelly bag and Gucci's bamboo handled bags and red and green striped webbing were snapped up in the flea markets before the public make-overs. Gucci's London shop found itself besieged for the men's loafers (for both sexes) by a young crowd who saw in them funky, aspirational symbols of success as worn by rappers in the black American music cult.

Fashion designers have only just begun to understand the fashion power of rap, with Karl Lagerfeld at Chanel and Isaac Mizrahi in New York stirring together the crazy, the kitsch and the luxe. Gucci loafers look infinitely more stylish when worn with a baseball cap and baggy jeans than with a well-tailored suit; the bamboo handled bag is chic worn with a vinyl trench coat and a baseball cap.

But Gucci is in the business of presenting a coherent image in stores worldwide (themselves undergoing a face lift). In the interests of good sense, good taste and good business, the wild, wacky spirit of modern fashion that would add a little spice, but terrify the paying customers, has to go.

Ron Alexander

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STYLE MAKERS

Hidden Treasure

DIAMONDS IN A RING

New York Times Service

NEW YORK — It's called the Rattle Ring, although it's obviously not for ladies unless Baby happens to be chic, stylish, an accountant and more concerned with diamonds than diapers. The diamonds, you see (or, more accurately, don't see), are hidden inside this ring. Talk about surprises!

The brainchild of John Reinhold, a New York diamond dealer, and Marc Jacobs, a fashion designer, it is certainly different. On the exterior, this one is a simple-looking two-piece tubular band of 18-karat yellow or white gold.

Reinhold thinks of the ring as being "very nineties, discreet rather

than ostentatious," like wearing a raincoat lined with fur or having a monogram hidden on a sleeve rather than displayed on a cuff.

"When I'm feeling insecure, I simply look at the ring," he said. "When I'm feeling very insecure, I shake it against my ear and hear the diamonds moving within their little houses." And for especially tense times? "I tap the ring and watch the diamonds fall gently out," he said. "Diamonds are very healing."

They can, of course, be costly, too. A Rattle Ring with two diamonds (the minimum) is \$3,250; four diamonds, \$3,750; six diamonds, \$7,250; and eight diamonds, \$9,250.

As Reinhold entered the site of the moment Coco Pazzo restaurant on East 74th Street one recent night,

several of his clients, including a head waiter, spotted the designer and waved their rings in greeting. Reinhold, in turn, waved back happily. "I could actually hear all those diamonds dancing," he said. "It's sort of like a safe and sound secret society."

The rock singer Debbie Harry, who as a Rattle Ring owner is a member of that society, considers the ring "a symbol of deep love."

Prague Powell, director of advertising for Interview magazine, said: "The ring is like a little vault. I can hide the subway with it on." Although she has lost a diamond somewhere, she's considering occupying its empty house with a ruby or sapphire. "For color," she said.

Ron Alexander

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Cartier Clock Sold for \$1.5 Million

Reinhold

NEW YORK — A 1927 Egyptian-revival clock by Cartier has been sold for a world record of \$1.54 million.

Christie's auction house said the clock, depicting a temple gate and decorated with hieroglyphics and

images of ancient Egyptian divinities from the Ramessid period of 1314 to 1090 B.C., was sold last week for more than 10 times its estimate of \$100,000 to \$150,000. It is made of mother-of-pearl, lapis lazuli, coral and enamel.

The successful bidder, a private individual, was not identified.

The previous world record for a clock was set in July 1989 when Thomas Tompkins's Borgwood Night Clock made in 1678 fetched \$1.42 million at Christie's London. The previous world record for a Cartier clock was \$748,000, set last April for an Art Deco elephant clock.

© New York Times, edited by Eugene Malachuk

ACROSS

1 Grad-school degree

4 Amtrak abbrs.

6 Marked an exam

14 Provident finisier

15 Slip into

16 Uno

17 Most off the wall

18 Hardy or Twist

20 He leads a host on the links

22 Oratorio offerings

23 Rel. book

24 Flitting

27 Laird's "Wow!"

29 Lanchester and Maxwell

32 Deep or high precursor

33 The past tense

34 Sub detector

37 An atlas insert

38 "Polly, — the kettle on"

40 Watered silk

41 Like Goofy

42 Supers' openers

44 Grimm character

45 Believed without question

47 Explorer Johnson

48 Beatty of "Network"

49 — live and breathe!

50 Saturn attachment

53 Leslie Howard in "G.W.T.W."

54 Ad hoc

55 Lute's cousin

56 Shylock was one

58 TV's talking horse

64 " — lu, Verdi

65 Sol

66 Gump or Gibb

67 Right on!

DOWN

1 Layered mineral

2 TV's Roseanne

3 First U.S. spaceman

4 "Where there's

5 More like Twigg

6 Carpenter's file

7 Sp. lass

8 Dwarflike beings

9 Held sway

10 A prince of Qatar

11 Part of R & D

12 Homophone for heir

13 Buzzing insect

14 Bronx attraction

15 Meuna —

16 "Wild West Show" star

18 Family of an Arctic explorer

19 Wright or Brewer

21 Druthers

22 Quail

23 Kind of service

24 Compress cloth

25 Oddball

26 Part of a fork

28 Cork-to-Kilkenny dir.

29 Orders for p.j.'s

30 Cross design

33 Air. Comb. form

34 Educator Willard

35 What a salt spins

36 Land of Shannon

37 Impudent, too

38 Boston, with "the"

39 Vietnam follower

40 Pils. cologne base

HOST IRIS ITEM

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WHITEHOUSE SLIT

SEN SANE WIELDS

ERECTS STARCH

HEEL ERATO

MAJOR EVADE URM

ALAW AMASS ASEA

ALI PRONE PIETY

LEARN DEED

HARASS DRAPES

CHOSEN TREY ASP

POUT GREENHOUSE

APSE EAVES ISEE

SEER DYED LEED

INTERNATIONAL STOCKS

Hong Kong Is Anxious As June Draws Closer

By Jonathan Fuchringer
New York Times Service

NEW YORK — The Hong Kong stock market — one of the top performers in the world this year — is not looking forward to June's arrival. June 3 is the deadline for President George Bush's decision on extending China's most-favored-nation trade status, and June 4 is the second anniversary of Beijing's bloody crackdown on prodemocracy demonstrators. The anniversary is a reminder of all that can go wrong in Hong Kong when things are not right in China.

In 1997, Hong Kong will revert to the control of China, and the British colony is already on edge with every twist and turn in China, as shown when the stock market plummeted 22 percent after the crackdown in June 1989.

The threat of withdrawing most-favored-nation status, which allows Chinese exports into the United States at the lowest tariff rates, is one of the sticks the United States has to punish China. But when China is punished, Hong Kong, through which a flood of Chinese products flows, also feels pain.

Already, the Hong Kong stock rally that delighted investors has stalled because of the breakdown of negotiations with China over a planned \$12.7 billion airport for the colony. As a result of objections to the plan, the site may be moved and the cost of the project cut in half.

This means less public spending, and in response the stock market — whose blue chip Hang Seng index reached a 1991 high of 3,866.70 on April 3 — has dropped back. The Hang Seng ended Monday at 3,624.72, well off its high but still up about 19 percent for the year.

The battle with Washington over renewing China's most-favored-nation status, which has become an annual struggle, could easily set the local market back, at least temporarily. Although the odds still favor an extension, Congress seems more intent this year on using this weapon to modify Chinese behavior.

Last year, Mr. Bush succeeded in extending the most-favored-nation status despite opposition in Congress. The House voted to deny it, but the Senate never voted. This year, congressional opponents are more restive, as complaints about Chinese actions grow.

ON FRIDAY, the Bush administration cited China for widespread tolerance of piracy of patents, trademarks, copyrights and trade secrets. This formal step begins a process that could lead to duties or restrictions on Chinese imports to the United States. Beijing reacted harshly, saying the citation could have negative effects on U.S.-China relations.

Some members of Congress are now talking about a renewal of the most-favored-nation status with conditions attached that would prevent a further extension unless certain human-rights goals were met.

For stock analysts, the Hong Kong airport standoff, which did not even start in discussion during the visit to Beijing by Foreign Secretary Douglas Hurd of Britain earlier this month, and the most-favored-nation deadline just add to the unpredictable emotional flows that can run through this market. But for some of them, that is not all bad.

At Crosby Securities Inc. in New York, John Jaenisch sees the setbacks as buying opportunities. Alluding to the delay of the decision on the airport, he said, "In the end, something will be done, although it will not be at the initial cost."

Elizabeth Tran, a managing director of Prudential Asia in Hong Kong, is somewhat more cautious. "It just looks like China has been getting a lot of bad publicity," she said. "I would stay clear for the time being. The greatest risk is for the market to go down."

Both Mr. Jaenisch and Ms. Tran think the market is reasonably well-supported around the 3,500 level as long as most-favored-nation status is not rejected and the airport project is not scrapped altogether.

I would stay clear for the time being. The greatest risk is for the market to go down.

U.S. Sees Risk in Sponsored Lenders

Concerned About Liabilities, Administration Seeks Tighter Supervision

By Stephen Labaton
New York Times Service

WASHINGTON — Bush administration officials will recommend a sharp increase this week in the supervision of the government-sponsored companies that help to finance home purchases, higher education and agriculture.

Senior White House and Treasury Department officials say they are concerned that the enterprises have grown so large so quickly that their potential liabilities to taxpayers total more than \$1 trillion. The officials also say the government is unable to exert any control over them.

The agencies say there is no immediate threat to the federal budget from these companies. The largest and best known of the agencies are the Federal National Mortgage Association, popularly known as Fannie Mae, and the Federal Home Loan Mortgage Corp., known as Freddie Mac.

Indeed, executives at the companies say they are not taking any improper risks and that significant regulatory changes are not only unnecessary but may prove counterproductive.

"The bottom line is you start out with the fact that this company is financially sound," said Leonard C. Breasler, chairman and chief executive of Freddie Mac, "so you don't need financial requirements substantially different from what they are now."

What is more, the executives note that their companies are owned by stockholders, and they say they are responsible to the stockholders, like officers of other corporations.

The companies have an odd provenance, blending elements from the worlds of corporations and government.

They were created by Congress. They have been granted implicit and explicit federal guarantees and subsidies to achieve certain public policy objectives, like increasing affordable housing, expanding education and promoting farming.

Within the next few days the Treasury, the General Accounting Office, the investigative arm of Congress, and the Congressional Budget Office are expected to release reports concluding that the government lacks the ability to control these enterprises.

"We don't say there's an immediate and imminent danger," said a Treasury official who worked on one report and asked not to be identified. "We will say there is a lack of protection for the taxpayer."

change the law governing the enterprises, which have millions of dollars to finance an extensive marketing campaign and employ an array of well-connected advisers — including former presidential aides like Clark M. Clifford and Leonard Garment.

Fannie Mae has a political action committee that has contributed more than \$102,000 in recent years to lawmakers, and tens of thousands of dollars of other contributions have been made by its senior executives.

The enterprises also exert enormous influence over Wall Street and among bankers and home builders who rely on them.

Between them, Fannie Mae and Freddie Mac provide financing for one in four homes in the United States. Each has grown larger than the nation's largest financial services companies.

Not only have the companies been able to blunt previous attempts to put them under tighter control, but they have also won changes in the rules that have allowed them to expand into new kinds of businesses.

He received \$27 million. Fannie Mae officials say 75 percent of that amount was tied to the performance of the company, which last year posted a profit of \$1.2 billion.

Some government officials say they do not have adequate controls to monitor Fannie Mae, Freddie Mac and the other enterprises for safety and soundness or to prevent them from engaging in risky activities.

The other government-sponsored enterprises discussed in the reports are the Student Loan Marketing Association, or Sallie Mae; the Federal Agriculture Mortgage Corp., or Farmer Mac; the College Construction Loan Insurance Corp., or Connie Lee; and the Farm Credit System, which failed in 1985 and has since been rescued.

The Federal Home Loan Banks System, another government-sponsored enterprise, was strikingly overhauled as part of the savings and loan bailout.

The companies' objectives are typically accomplished by purchasing loans made by other institutions, like banks and savings associations. That provides those lenders with more cash to make new loans.

The enterprises also have lines of credit to the Treasury. Thomas H. Stanton, a Washington lobbyist, said the companies are not under the same level of supervision as other financial institutions.

See LENDERS, Page 14

EC Is Divided On Protection For High-Tech

By Charles Goldsmith
International Herald Tribune

LUXEMBOURG — European Community nations differed sharply Monday over whether to grant special protection to the EC's troubled high-technology industry.

The EC Industry Council meeting was the first since the EC's executive Commission issued a compromise report last month on the Community's electronics sector, which is gasping for air in its bid to keep up with Japanese and U.S. competitors.

EC ministers agreed to set up a high-level task force to study ways to prop up the industry, but the unanimity ended there. The debate reflected a wide split between countries with large home-grown firms, notably France and Italy, and nations such as Britain and Ireland now enjoying substantial investment by American and Japanese high-tech companies. The latter group seeks to avoid protectionist EC measures.

In an unusual twist to normal EC alliances, which favor a North-South division, Spain and Portugal aligned with the free traders while the Netherlands — home of Philips — sided with France in opposing an EC tariff reduction on semiconductors, now 14.9 percent.

"This debate was very preliminary, but the first real skirmish might come when this task force would present its proposals at that time," said one EC diplomat.

The Industry Council followed by just nine days a "secret" strategy session in France's Burgundy region between top Commission officials and the five largest EC electronics firms — Groupe Bull and Thomson of France, Olivetti of Italy, Siemens of Germany and Holland's Philips.

The EC industry, plagued by declining profits, suffered a trade deficit of 31 billion European currency units (\$36.52 billion) in 1989, compared to Japan's surplus of 57 billion Ecu and a U.S. deficit of 7 billion Ecu.

The Commission report called for closer cooperation among Europe's electronics firms. France, which is pumping 6 billion francs (\$1.02 billion) of extra capital into its slumping state-controlled electronics firms, Thomson and Bull, feels the Community should take extraordinary measures to retain an indigenous industry, because the technology is crucial to an array of enterprises ranging from aerospace to kitchen gadgetry.

"We need an effective trade policy," said Industry Minister Roger Fauroux of France. "That means we should not lower current duties on consumer electronics and components, and we must reinforce anti-dumping measures."

Taking the opposite position, Ireland's technology minister, Michael Smith, said protectionist EC steps would only scare away investment for foreign electronics firms, or increase their costs through higher prices paid for computer chips and other key components.

"We are strongly opposed to measures that discriminate against Irish or other EC-based firms of non-EC origin," said Mr. Smith.

About 30 percent of Ireland's exports last year were electronics products, totaling 3.5 billion Irish pounds (\$5.35 billion) and supporting 30,000 jobs.

The competition watchdogs feel electronics must follow the Commission's overall industry policy paper, released last November, which champions a correct business climate rather than government intervention.

See ARMS, Page 14

Spending For U.S. Submarine Maker, the Crucial Contract

In U.S. Up 0.6%

By Richard W. Stevenson
New York Times Service

NEW YORK — As Pentagon budgets decline sharply, every big weapons contract takes on added importance for military contractors, such as the selection of a team headed by Lockheed Corp. to build a new generation of fighter planes.

But few contracts define the stakes so starkly as the selection of the U.S. Navy will make soon of a company to build its next attack submarine.

Industry executives and government officials say that what is at stake is the survival of one of the two remaining submarine-building shipyards, General Dynamics Corp.'s Electric Boat division in Groton, Conn.

Electric Boat has said that unless it receives the next Seawolf contract, which could be awarded as soon as this week, it will probably not have enough business to stay open beyond the middle of the decade.

If Electric Boat were to close, it would mean the loss of 22,000 jobs at the company and thousands more at its suppliers and subcontractors.

That would leave the navy totally dependent for its submarines on a single source, General Dynamics Corp., a shipyard in Newport News, Va.

While the Seawolf program would be a matter of relative prosperity for Newport News, it now appears to be a matter of survival for Electric Boat and much of the submarine industrial supplier base in New England.

James E. Turner Jr., Electric Boat's general manager, told a congressional hearing last month.

The situation at Electric Boat is just one example of how declining military budgets are raising fears within the government and the industry of a permanent erosion in the United States' weapons design and manufacturing ability.

The U.S. Air Force's selection last week of the team headed by Lockheed to build the new fighter planes gave Lockheed and its partners, General Dynamics and Boeing Co., a solid base of military aircraft orders for the next two decades.

And it left the losing team, Northrop Corp. and McDonnell Douglas Corp., seemingly dropped from the front ranks of the combat aircraft business, and in the long run, perhaps even being forced out of the field.

And the army's selection earlier this month of Boeing and United Technologies Corp.'s Sikorsky division to build a new light attack helicopter seems to doom McDonnell Douglas's helicopter operations to a long period of retrenchment.

Grumman Corp., formerly the premier builder of navy aircraft, is lobbying furiously in Congress to overturn a decision by Defense Secretary Dick Cheney to end the F-14 fighter program. The decision would essentially force Grumman out of the aircraft-building business.

In announcing the selection of the Lockheed team, Donald B. Rice, the secretary of the air force, said concerns about the military contracting industry played no role in his decision. He added that the air force "will simply have to leave to market forces" the question of whether some companies leave the airplane business.

Some people argue that the shrinking of the industry is overdue, since it has been plagued for years by overcapacity, particularly in aircraft manufacturing. Many government officials say it would be a waste of money to prop up a declining industry.

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See ARMS, Page 14

CURRENCY RATES

Cross Rates	April 29
Australian dollar	1.3425
British pound	1.6425
Canadian dollar	0.7125
French franc	6.5545
German mark	1.3635
Italian lira	2.3635
Japanese yen	163.87
New Zealand dollar	0.6925
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.4835
Taiwan dollar	23.6375
Thai baht	54.8075
U.S. dollar	1.0000
West German mark	1.3635
Yen	163.87

Source: Reuters. All rates are for U.S. dollars. For other currencies, see Reuters. All rates are for U.S. dollars. For other currencies, see Reuters.

Other Dollar Values	April 29
Australian dollar	1.3425
British pound	1.6425
Canadian dollar	0.7125
French franc	6.5545
German mark	1.3635
Italian lira	2.3635
Japanese yen	163.87
New Zealand dollar	0.6925
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.4835
Taiwan dollar	23.6375
Thai baht	54.8075
U.S. dollar	1.0000
West German mark	1.3635
Yen	163.87

Source: Reuters. All rates are for U.S. dollars. For other currencies, see Reuters. All rates are for U.S. dollars. For other currencies, see Reuters.

Forward Rates	April 29
30-day forward	1.3425
60-day forward	1.3425
90-day forward	1.3425
120-day forward	1.3425
150-day forward	1.3425
180-day forward	1.3425

Source: Reuters. All rates are for U.S. dollars. For other currencies, see Reuters. All rates are for U.S. dollars. For other currencies, see Reuters.

Interest Rates	April 29
3-month T-bill	5.25%
6-month T-bill	5.25%
1-year T-bill	5.25%
3-month Treasury note	5.25%
6-month Treasury note	5.25%
1-year Treasury note	5.25%

Source: Reuters. All rates are for U.S. dollars. For other currencies, see Reuters. All rates are for U.S. dollars. For other currencies, see Reuters.

Key Money Rates	April 29
3-month T-bill	5.25%
6-month T-bill	5.25%
1-year T-bill	5.25%
3-month Treasury note	5.25%
6-month Treasury note	5.25%
1-year Treasury note	5.25%

Source: Reuters. All rates are for U.S. dollars. For other currencies, see Reuters. All rates are for U.S. dollars. For other currencies, see Reuters.

U.S. Money Market Funds	April 29
3-month T-bill	5.25%
6-month T-bill	5.25%
1-year T-bill	5.25%
3-month Treasury note	5.25%
6-month Treasury note	5.25%
1-year Treasury note	5.25%

Source: Reuters. All rates are for U.S. dollars. For other currencies, see Reuters. All rates are for U.S. dollars. For other currencies, see Reuters.

GOLD	April 29
Gold price	325.00
Gold price	325.00
Gold price	325.00
Gold price	325.00
Gold price	325.00
Gold price	325.00

Source: Reuters. All rates are for U.S. dollars. For other currencies, see Reuters. All rates are for U.S. dollars. For other currencies, see Reuters.

Strategic International Gold Fund S.A.

Notice is hereby given that an Extraordinary General Meeting of shareholders of STRATEGIC INTERNATIONAL GOLD FUND S.A. will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on:

- Monday 13th May, at 11 hours, for the purpose of considering the following Agenda:

1. To approve the liquidator's report and the statement of liquidation of Strategic International Gold Fund S.A. (in process of being liquidated) as at 1st January, 1991.
2. To approve the payment of the creditors and the distribution of the remaining net assets to the shareholders, after payment of the debts.
3. To appoint an auditor.
4. To convene an extraordinary general meeting which will rule on the following points:

- (i) approval of the auditor's report
- (ii) discharge to be granted to the liquidator, auditor and Board of Directors
- (iii) resolution concerning the final liquidation of the company
- (iv) the keeping of accounts and company documents.

The General Meeting shall be regularly constituted and shall validly deliberate on the resolutions if a quorum of shareholders representing one half of the shares outstanding is present or represented. Resolutions may be passed by an affirmative vote of two thirds of the shares present or represented at each meeting.

The shareholders on record on the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company not later than twenty-four hours before the Meeting.

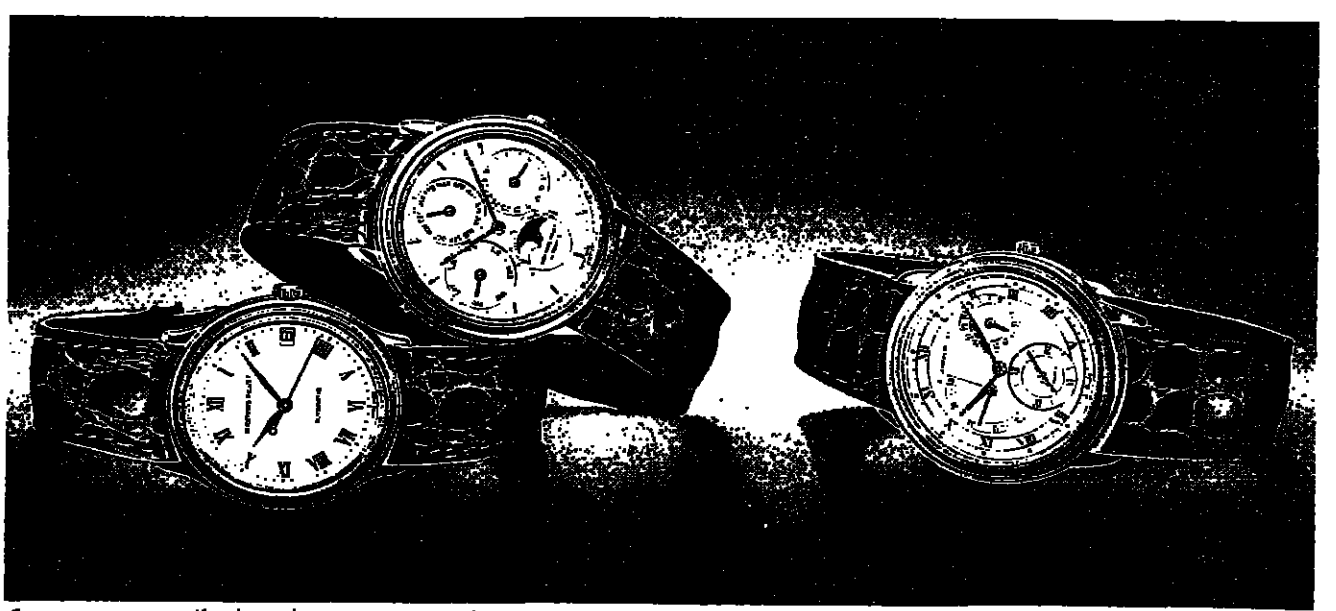
The present notice and a form of proxy have been sent to all shareholders on record at 15th April, 1991.

In order to attend the meeting, the owners of bearer shares are required to deposit their shares on or less than five clear days before the date of the meeting at the Registered Office.

Proxies are available upon request at the Registered Office of the Company.

By order of the Board of Directors,
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MARKET DIARY

Sell Programs Push Dow Sharply Lower

NEW YORK — Prices tumbled on the New York Stock Exchange in very light trading Monday, taken down by a wave of program selling in the last hour after two advances during the day failed to hold. The Dow Jones industrial average, which slid 8.66 points Friday, sank 35.40 to close at 2,876.98.

N.Y. Stocks
Among broader market gauges, the New York Stock Exchange composite index slumped 2.65 to 204.62 and Standard & Poor's 500-stock index skidded 3.36 to 373.66. Declines outpaced advances by a more than 2-1 margin. Big Board volume totaled 149.86 million shares, compared with 153.5 million on Friday. After the Dow industrial 50-point loss last week, the market took two steps at a rebound. One came at the opening, but faded within a half-hour of trading. The other came at midmorning and lasted through midday. But by the afternoon, the Dow turned lower and slid sharply on computerized program selling in the last hour. "We were holding about 2,900 support for most of the day," said Dale Tills, manager of institutional equity trading at Charles Schwab & Co. in San Francisco. "We had test-

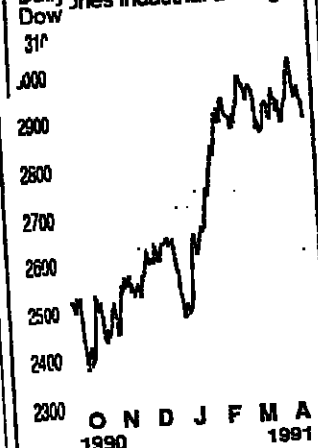
G-7: Officials Agree to Disagree

(Continued from page 1)
could exist in the U.S.," Mr. Waigel said. But that decision will be up to the Federal Reserve, which has recently dug in its heels against the

Foreign Exchange

Bush administration's demands for lower interest rates. Fed officials are worried that easing its credit reins now would spook the bond market, causing long-term rates to rise out of fear of future inflation. Treasury officials, trying to put the best face on their failure to gain support for lower interest rates, took credit for language in the communiqué emphasizing the risk that high real interest rates will sharply curtail economic growth in Europe and Japan. "What we've got to do is keep our eyes on both matters — the price stability and also the persistence of high interest rates as a disincentive to growth," Treasury Secretary Nicholas F. Brady said after the meeting. American officials, speaking privately, said their principal fear now was that the United States later this year might see a recession. That raises the risk that the U.S. trade deficit in the last few years, could start to widen again as increasing

The Dow



Daily closing of the Dow Jones industrial average

ed it three or four times in the last couple of days, but then when broke through 2,900 we picked up momentum on the downside."

He said other market, such as Treasury bonds, did little to bolster stocks. The Treasury 30-year bond closed down about 1/4 point. Many players, Mr. Tills said, are beginning to sense that the market may be in for some rough times with interest rates steady in the midst of a recession. "People have got to see the Fed working hard to reduce rates and it's just not happening," he said. Pepsico was the most active issue, down 1 1/4 to 30 1/4. The company reported a first-quarter profit of 26 cents a share up from 23 cents a year earlier and in line with analysts' estimates. Laidlaw followed, down 1/4 to 12 1/2. Boeing was third, down 1/4 to 43 1/2. Air Canada has asked it to cancel up to \$1.2 billion in orders. Among other blue chips, IBM tumbled 2 1/4 to 104 1/4 after its chairman told shareholders at the annual meeting that the outlook for the rest of the year remains uncertain. AT&T lost 1/4 to 37 1/4. Philip Morris fell 1/4 to 67 1/4 and General Electric tumbled 1 1/4 to 70 1/4. General Motors lost 2 1/4 to 33 1/4 and Coca-Cola gave back 1 1/4 to 51 1/4.

NYSE Most Active

Vol.	High	Low	Last	Chg.
Boeing	43 1/4	43 1/4	43 1/4	-1/4
IBM	104 1/4	104 1/4	104 1/4	-2 1/4
AT&T	37 1/4	37 1/4	37 1/4	-1/4
Philip Morris	67 1/4	67 1/4	67 1/4	-1/4
General Electric	70 1/4	70 1/4	70 1/4	-1 1/4
General Motors	33 1/4	33 1/4	33 1/4	-2 1/4
Coca-Cola	51 1/4	51 1/4	51 1/4	-1 1/4

AMEX Most Active

Vol.	High	Low	Last	Chg.
Advanced	213	213	213	+2
Declined	109	109	109	-1
Unchanged	26	26	26	0
Total Issues	348	348	348	0

NASDAQ Diary

Advanced	Declined	Unchanged	Total Issues
1,181	1,181	2,508	4,669

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
Indus	2876.98	2876.98	2876.98	2876.98	-35.40
Transp	1164.50	1164.50	1164.50	1164.50	-17.25
Comp	1065.26	1065.26	1065.26	1065.26	-12.75

Standard & Poor's Indexes

Index	Open	High	Low	Last	Chg.
Indus	373.66	373.66	373.66	373.66	-3.36
Transp	129.18	129.18	129.18	129.18	-2.18
Comp	132.12	132.12	132.12	132.12	-1.12

NYSE Indexes

Index	Open	High	Low	Last	Chg.
Composite	204.62	204.62	204.62	204.62	-2.65
Indus	197.12	197.12	197.12	197.12	-2.12
Transp	129.18	129.18	129.18	129.18	-2.18

NASDAQ Indexes

Index	Open	High	Low	Last	Chg.
Composite	466.98	466.98	466.98	466.98	-1.02
Indus	466.98	466.98	466.98	466.98	-1.02
Transp	466.98	466.98	466.98	466.98	-1.02

AMEX Stock Index

Index	Open	High	Low	Last	Chg.
Composite	348.00	348.00	348.00	348.00	0.00
Indus	348.00	348.00	348.00	348.00	0.00
Transp	348.00	348.00	348.00	348.00	0.00

Dow Jones Bond Averages

Bond	Open	High	Low	Last	Chg.
10 Yr	142 1/2	142 1/2	142 1/2	142 1/2	-1/8
30 Yr	142 1/2	142 1/2	142 1/2	142 1/2	-1/8

Market Sales

Index	Open	High	Low	Last	Chg.
NYSE 4 a.m. volume	1,498,860,000	1,498,860,000	1,498,860,000	1,498,860,000	0
NYSE 9 a.m. volume	1,498,860,000	1,498,860,000	1,498,860,000	1,498,860,000	0

S&P 100 Index Options

Option	Open	High	Low	Last	Chg.
Call	118.12	118.12	118.12	118.12	0.12
Put	118.12	118.12	118.12	118.12	-0.12

Currency Options

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

PHILADELPHIA EXCHANGE

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

European Futures

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

COCA (FUT)

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

COCA (FUT)

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

COCA (FUT)

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

COCA (FUT)

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

COCA (FUT)

Option	Open	High	Low	Last	Chg.
Call	1.32	1.32	1.32	1.32	0.02
Put	1.32	1.32	1.32	1.32	-0.02

Trump Agrees to Sell Shuttle, Yacht

ATLANTIC CITY (Reuters) — Donald Trump said Monday that he had reached agreements to sell the Trump Shuttle to Northwest Airlines and a private Boeing 727 jet.

Mr. Trump's credits amount to more than \$3 billion. Nearly \$800 million of this amount to personal guarantees, or IOUs, that he has been desperately trying to unwind.

The New Jersey Casino Control Commission recently told Mr. Trump he must restructure his debt by mid-June or face the possibility of losing his home to run his biggest of three Atlantic City, New Jersey, casinos.

The Trump Organization also said that Mr. Trump will transfer the partnership equity in the Grand Hyatt hotel to Bankers Trust. The latter also noted that Bankers Trust will be entitled to the first \$10 million in proceeds paid on a \$25 million note due Donald Trump from the Taj Mahal casino.

NCR Finds New Board Seat for Exley

DAYTON, Ohio (Combined dispatches) — NCR Corp. said Monday its board of directors had voted to increase the board's size by reappointing Chairman Charles Exley Jr. and President Gilbert Williamson.

Mr. Exley and Mr. Williamson were among four directors scheduled to leave NCR's board Wednesday after NCR shareholders last month elected four people nominated by American Telephone & Telegraph Co.

IBM Chief Says Outlook Is Uncertain

KANSAS CITY, Missouri (Reuters) — International Business Machines Corp.'s chairman, John Akers, said Monday he had yet to see signs of economic improvement and that IBM's outlook this year was uncertain.

"We have seen no evidence yet to indicate any improvement in the near term and consequently the year remains uncertain," Mr. Akers told shareholders at IBM's annual meeting. "While we'd like to believe economic recovery is just around the corner, we'll have to wait and see."

CBS and CNN Weigh News Alliance

NEW YORK (AP) — CBS Inc. and Turner Broadcasting System Inc. are discussing the possibility of an alliance between CBS and Turner's Cable News Network in gathering news, officials from both companies confirmed Monday.

The trade publication Electronic Media reported the companies have "agreed to discuss a far more extensive alliance" in gathering both international and domestic news than they have to date in sharing international news gathering.

Siemens to Buy TI Controls Division

NEW YORK (Reuters) — Siemens Corp., a unit of Germany's Siemens AG, said it has agreed in principle to buy Texas Instruments Inc.'s Industrial Controls division for an undisclosed amount.

The purchase would include Texas Instruments products, facilities, equipment and sales/support activities. Industrial Controls, which is based in Johnson City, Tennessee, designs, manufactures and markets programmable logic controllers and has about 1,200 employees, Siemens said.

Separately, Texas Instruments said it was considering selling its Process Automation Systems business based in Hunt Valley, Maryland.

For the Record

T. Boone Pickens, the Texas financier, said Monday he is selling his 26.4 percent stake in Kaito Manufacturing, a Japanese company that has refused to let him sit on its board of directors. The final terms of a sale have not been reached, Mr. Pickens said.

PepsiCo Inc. said Monday its first-quarter earnings rose 13 percent to \$205.4 million, helped by gains in its restaurant and soft-drink business. Sales rose 12 percent to \$4.12 billion.

U.S. FUTURES

Index	Open	High	Low	Last	Chg.
Wheat	118.12	118.12	118.12	118.12	0.12
Corn	118.12	118.12	118.12	118.12	-0.12

Grains

Index	Open	High	Low	Last	Chg.
Wheat	118.12	118.12	118.12	118.12	0.12
Corn	118.12	118.12	118.12	118.12	-0.12

Metals

Index	Open	High	Low	Last	Chg.
Gold	118.12	118.12	118.12	118.12	0.12
Silver	118.12	118.12	118.12	118.12	-0.12

Oil

Index	Open	High	Low	Last	Chg.
Crude	118.12	118.12	118.12	118.12	0.12
Heating Oil	118.12	118.12	118.12	118.12	-0.12

Stock Indexes

Index	Open	High	Low	Last	Chg.
S&P 500	373.66	373.66	373.66	373.66	-3.36
Dow Jones	2876.98	2876.98	2876.98	2876.98	-35.40

Commodity Indexes

Index	Open	High	Low	Last	Chg.
Crude	118.12	118.12	118.12	118.12	0.12
Heating Oil	118.12	118.12	118.12	118.12	-0.12

Market Guide

Index	Open	High	Low	Last	Chg.
S&P 500	373.66	373.66	373.66	373.66	-3.36
Dow Jones	2876.98	2876.98	2876.98	2876.98	-35.40

Aid for East Europe Called 'Limited'

WASHINGTON — The Group of 10 leading industrial nations warned Monday that exceptional balance-of-payments assistance from Western governments and the International Monetary Fund to Eastern Europe can only be "limited and temporary."

In a communiqué, the group also cautioned against expectations that multilateral and bilateral official donors would cover all of Eastern Europe's financing needs that are

met by the private sector. It urged commercial banks to participate in debt-relief programs for Eastern Europe in conjunction with IMF programs and initiatives of the Paris Club creditor nations. The group said newly democratic countries of Eastern Europe would have to make "difficult political decisions" in their quest for economic restructuring, and urged the World Bank and regional agencies to step up help for the region "as much as prudently possible." (Reuters, AFP)

Market Closed

The stock market in Tokyo was closed Monday for a holiday.

Toronto

Index	Open	High	Low	Last	Chg.
3000	118.12	118.12	118.12	118.12	0.12
1000	118.12	118.12	118.12	118.12	-0.12

Zurich

Index	Open	High	Low	Last	Chg.
3000	118.12	118.12	118.12	118.12	0.12
1000	118.12	118.12	118.12	118.12	-0.12

Sao Paulo

Index	Open	High	Low	Last	Chg.
3000	118.12	118.12	118.12	118.12	0.12
1000	118.12	118.12	118.12	118.12	-0.12

Singapore

Index	Open	High	Low	Last	Chg.
3000	118.12	118.12	118.12	118.12	0.12
1000	118.12	118.12	118.12	118.12	-0.12

Milan

Index	Open	High	Low	Last	Chg.
3000	118.12	118.12	118.12	118.12	0.12
1000	118.12	118.12	118.12	118.12	-0.12

London

Index	Open	High	Low	Last	Chg.
3000	118.12	118.12	118.12	118.12	0.12
1000	118.12	118.12	118.12	118.12	-0.12

Montreal

Index	Open	High	Low	Last	Chg.
3000	118.12	118.12	118.12	118.12	0.12
1000	118.12	118.12	118.12	118.12	-0.12

To our fund lists

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EUROPE

NASDAQ

Monday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Symbol	Price	Symbol	Price	Symbol	Price
AA	24 1/4	IBM	100 1/4	MSFT	54 1/4
ABX	24 1/4	INTL	100 1/4	ORCL	54 1/4
AC	24 1/4	DISC	100 1/4	QCOM	54 1/4
AD	24 1/4	WDC	100 1/4	TXN	54 1/4
AE	24 1/4	AMT	100 1/4	UNISYS	54 1/4
AF	24 1/4	DLA	100 1/4	VA	54 1/4
AG	24 1/4	EDS	100 1/4	W	54 1/4
AH	24 1/4	HEW	100 1/4	XEROX	54 1/4
AI	24 1/4	HPQ	100 1/4	Y	54 1/4

Moscow Reports Collapse in Trade

Reuters.
MOSCOW — Official statistics show that 1990 was a disastrous year for Soviet foreign trade, with slumping exports exacerbated by falling prices for oil, the country's chief hard currency earner.
The figures, released in the latest issue of the monthly Economics and Life journal, showed the country recorded its second consecutive overall trade deficit after 13 straight years of surpluses.
Foreign trade figures for the first three months of 1991 — released last week — were even worse. Trade fell 34 percent, with exports of coal and oil almost halved.
Exports in 1990 slumped 11.5 percent to 60.9 billion rubles (\$97.4 billion) from 68.8 billion rubles in 1989, while imports — hit by a lack of hard currency — fell 1.4 billion rubles to 70.7 billion.
The ruble is worth \$1.60 at the inflated official exchange rate.
An economist, V. Seltsovski, commenting in the journal on the statistics, said that between 1985 and 1990, imports had risen 16.2 percent while exports had fallen 1.2 percent.
"This development is mainly caused by the seriously deteriorating performance of Soviet goods on world markets, especially the falling price of oil and other goods as well as the fall in the value of the dollar," he wrote.
Crude oil exports fell to 108.6 million tons from 127.3 million tons, depriving the country of vital hard currency to buy equipment to modernize the deteriorating infrastructure.
The Soviet Union is the world's largest oil producer, but outdated equipment and workers' protests over poor conditions have gradually cut production over the last four years.
There was a sharp fall in trading last year with East European countries, which were part of the Soviet-dominated Comecon trading bloc.
Mr. Seltsovski said the fall was linked to the former satellites' eagerness to start trading with the European Community.
He added that economic reforms designed to encourage Soviet firms to export more had palpably failed.

U.K. Retailer To Slash 850 Jobs

Compiled by Our Staff From Dispatches

LONDON — Marks & Spencer PLC said Monday it planned to cut 850 jobs, or 1.4 percent of its British work force.
The British retailer said it would cut 550 jobs at its London headquarters and 300 trainee and junior manager jobs at its stores.
Of the job cuts, 600 will be achieved through layoffs, and the remainder through voluntary departure and early retirement, the company said.
British retailing in general has suffered a serious slump since last year.
Marks & Spencer said it would make a £16 million (\$27 million) provision for restructuring in the financial year ended March 31.
Paul Snidely, a retail analyst at Kleinwort Benson, said the costs of the restructuring would inevitably have an impact on group profit, due to be announced May 14.
Before Monday's announcement Kleinwort was forecasting profit of £520 million for the year ended March 31, down from £504 million a year earlier.
Since last September, when interim results showed profits growing at a rate of 10 percent from the previous year, Britain's retail industry has been plunged into a deep recession from which there have been only limited signs of relief. Marks & Spencer employs 62,000 people in Britain, where it operates 291 stores.
It also employs 13,000 people at 389 stores abroad. Among its holdings are the Brooks Brothers chain in the United States. (AP, AFP)

Investor's Europe

Exchange	Index	Monday Close	Prev. Close	% Change
Frankfurt DAX	1750	1750	1750	0.00
London FTSE 100	2600	2600	2600	0.00
Paris CAC 40	1300	1300	1300	0.00
Amsterdam	CBS Trend	5856.32	5882.13	-0.44
Brussels	Stock Index	1670.28	1623.81	+2.86
Frankfurt	DAX	660.28	685.96	+0.63
Helsinki	HEX	1096.80	1093.10	+0.34
London	Financial Times 30	1958.90	1939.40	+1.01
London	FTSE 100	2498.20	2471.30	+1.09
Madrid	General Index	276.47	276.83	-0.13
Milan	MIB	1122.00	1136.00	-1.23
Paris	CAC 40	1797.35	1774.67	+1.28
Stockholm	Affarsvarden	1012.90	1023.20	-1.01
Vienna	Stock Index	584.65	585.18	-0.09
Zurich	SBS	617.60	616.10	+0.24

Profit Will Rise 40% In '91, Tootal Predicts

Compiled by Our Staff From Dispatches

LONDON — The British textile company Tootal Group PLC, the target of a hostile takeover bid from Coats Viyella PLC, said Monday that it expected pretax profit for the 1991-92 financial year to rise 40 percent, to £32.5 million (\$55 million).
Tootal said the forecast for the year, which ends in January, showed that a cash offer of £193.7 million by Coats Viyella for Tootal "seriously undervalues" the group.
But Coats responded immediately that Tootal's figures were "deliberately imprecise."
Last month, Tootal reported that pretax profit for the 1990-91 financial year fell 35 percent, to £23.2 million.
Analysts said Coats could nonetheless raise its bid, of 65 pence a share, when the offer closes on May 6. Coats held 29.4 percent of Tootal when it made the bid, and has so far received acceptances representing only a further 0.69 percent.
Tootal said that earnings per share would jump 90 percent, to 8 pence, for the year and that net profit would rise 88 percent, to £24.2 million from £12.9 million.
John Craven, the chairman of Tootal, said the forecast showed "why Tootal has a strong future as an independent group," and he again urged shareholders to reject the Coats offer.
"I am confident that our shareholders will continue to dismiss this offer as a complete irrelevance," he said.
Mr. Craven said that the figures in the forecast, which did not take into account an expected recovery of the textile market, could be achieved only if the Coats bid failed, as much consumer confidence in Tootal would be lost if it succeeded. (AFP, Reuters)

SAS Faces Decline in '91 Revenue

Reuters.

STOCKHOLM — The airline division of Scandinavian Airlines System may face a fall in 1991 revenue of four billion Swedish kronor (\$642 billion) in 1991 if declines in traffic continue, the president of SAS, Jan Carlzon, said Monday.
A company newsletter said traffic at SAS Airline through the end of March was running about 20 percent below earlier projections.
"Since SAS Airline's yearly intake reaches over 20 billion kronor, we are talking about more than four billion kronor in lost revenue," Mr. Carlzon said in the article.
Mr. Carlzon said SAS would continue its cost-cutting efforts, which he said began before the current crisis and would continue independent of it.
The article said European airlines' international traffic in Europe was running about 15 percent below year-earlier levels at the end of March.

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Indonesia to Allow Money Brokerages

JAKARTA — Indonesia's central bank on Monday invited companies to apply to set up money and foreign exchange brokers in Jakarta.

The announcement had been expected, since the idea of having local brokers has been floated for several years. Pressure has increased on the government to license independent brokers as Indonesia's financial markets have boomed.

"The presence of brokers will support Bank Indonesia in monitoring the market and carrying out intervention if necessary," Paul Soetopu, director of the central bank's foreign exchange department, said at a news conference.

Applicants must have a foreign partner, and it could take up to a year before any brokers start operating.

"Banks trying to be active have to shop around and we hope this will make it more efficient," said Dahlan Sutalaksana, a spokesman for Bank Indonesia.

"We're thinking of three or four brokers," he said. "It depends on the proposals."

Bank Indonesia said applications for brokerage licenses must be submitted by June 30. The central bank then will have one month to make a decision. Brokers will have a maximum of nine months after that to begin operations.

The foreign partner will have to cover financial markets in London, New York, Tokyo and Singapore.

Bundaberg Has Value Pegged Above Tate Bid

BRISBANE — Bundaberg Sugar Co., seeking to defend itself from a takeover offer from Tate & Lyle PLC worth 4.10 dollars (\$3.19) a share, said Monday its financial advisers have valued the company at between 4.54 dollars and 5.16 dollars a share.

Chairman Roy Decker said the valuation backs the offer from U.K.-based Tate & Lyle "is not good enough."

Tate & Lyle lifted its bid for Bundaberg to 4.10 dollars from 3.70 on April 19, calling it a final offer. Bundaberg has rejected both bids as inadequate.

Bundaberg shares fell 11 cents Monday to 3.85 dollars.

Meanwhile, Tate & Lyle said it held 2.31 million Bundaberg shares, or 2.92 percent.

Shifts at Air New Zealand?

AUCKLAND, New Zealand — Big changes are expected at Air New Zealand Ltd., including more modest growth in routes, after the sudden resignation of the company's aggressive chief executive.

Analysts say they believe that Jim Scott, a former forestry manager who came to Air New Zealand just before it was privatized in 1989, was dismissed Friday. But no one is sure why, because both Mr. Scott and the Air New Zealand board are remaining silent.

One theory is that Mr. Scott wanted to expand while the board wanted to cut costs. Another is that he was blocking Qantas Airways Ltd. of Australia from a bigger role in Air New Zealand.

Whatever the reasons, without Mr. Scott, analysts expect a more modest route growth and a possible slowing of the aircraft purchasing program. They also expect that more attention will be paid to the bottom line. "The focus will probably be on cost reduction, not expansion," one said.

An industry source close to Air New Zealand, who declined to be identified, said that Brierley Investments Ltd., which owns 35 percent of the carrier, wanted to sell and that Qantas, with 19.9 percent, would try to gain more control.

"Qantas wants to take Air New Zealand somewhere down the line, and Scott was the main man saying 'No way,'" he said. "Brierley has a short-term horizon. They have a six-month maximum focus. They have their own bottom line to worry about."

Qantas said this month that it intended to buy a 7.5 percent holding from American Airlines' parent, AMR Corp.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
3000	1600	27500
3450	1400	25000
3100	1200	22500
2750	1000	20000
1990	1990	1990
1991	1991	1991
Exchange Index	Monday Close	Prev. Close
Hong Kong Hang Seng	3624.72	3625.80
Singapore Straits Times	1558.64	1558.41
Sydney All Ordinaries	1558.30	1537.80
Tokyo Nikkei 225	Closed	26123.68
Kuala Lumpur Composite	592.13	594.42
Bangkok SET	867.97	872.51
Seoul Composite Stock	644.60	634.29
Taipei Weighted Price	5728.00	5941.15
Manila Composite	1033.56	1048.18
Jakarta Stock Index	420.57	423.15
New Zealand Barclays	1487.16	1482.92
Bombay National Index	N.A.	640.00

Dockyard Firm Rejects Hawke's Wage Package

SYDNEY — Australia's largest waterfront employer rejected a wage package on Monday that the Labor government says is vital in its long-term economic recovery plan.

Conaust Ltd., which employs more than 2,500 workers, said the package, hammered out by Prime Minister Bob Hawke and unions late last week, was unacceptable.

Mr. Hawke entered the negotiations between unions and employers after Australia's central wage-fixing body, the Industrial Relations Commission, rejected a government-union wage agreement.

But Conaust's managing director, Richard Setchell, said his company could not afford the new package. He said Conaust would adhere instead to the across-the-board 2.5 percent raise handed down for the country's 8.5 million workers by the independent commission.

Mr. Hawke, rejecting the commission's ruling, had put forward a plan under which dock workers would get a 12 dollar (\$9.30) raise beginning May 16, subject to union agreement on job reclassifications.

Aquino Denies Report On Peso Devaluation

MANILA — President Corason C. Aquino on Monday denied press reports that the government planned to devalue the Philippine peso by as much as 18 percent this year.

The Manila Chronicle newspaper quoted an official of the National Economic Development Authority as saying the government's economic planning agency had proposed that the exchange rate be set at 33 pesos to the dollar, down from the current 28 pesos.

"The opinion expressed by a ranking officer of the National Economic Development Authority is neither NEDA's nor is it official," Mrs. Aquino said in a written statement. "The exchange rate is market-determined."

The Chronicle said the proposal, which included other fiscal and monetary reforms, would enable Philippine exports to regain their competitiveness with those of neighboring Malaysia and Thailand.

The peso, which depreciated by 24 percent last year, has been gaining on the dollar in recent weeks after the Central Bank issued new ceilings on foreign exchange holdings by commercial banks.

The dollar was selling for 27.15 pesos on Monday.

Separately, the Philippine Supreme Court on Monday upheld the right of Mrs. Aquino to appropriate 37 percent of the national budget for debt payments, court officials said.

The high court voted 10-5 to dismiss a petition filed by senators Teofisto Guingona and Aquilino Pimentel seeking to abolish presidential decrees under which Mrs. Aquino set an automatic appropriation of 86.8 billion pesos for debt service. (AFP, Reuters)

Kaifu to Talk Trade in Thailand

BANGKOK — On the eve of a visit by Prime Minister Toshiki Kaifu of Japan, Thailand has scaled down its growth forecast for coming years and Japanese investment here also appears set to decline.

Mr. Kaifu was scheduled to arrive Tuesday in what would be the first visit by a world leader since Thailand's military staged a coup in February and declared martial law.

The visit heralds the decline of an era of high Japanese investment here, officials said Monday, but that era has laid the seeds of a big trade deficit that will be a focal point of Mr. Kaifu's talks.

"Japanese investment in Thailand has seen its peak," said Hiroyuki Okubo, a Japanese trade official in Bangkok.

Applications for Japanese investment projects in Thailand are decreasing because of a shortage of manpower and rising costs of labor and materials, forcing many investors to turn to Indonesia and Malaysia where costs are still low, Mr. Okubo said.

Nevertheless, a new Japanese factory still opens in this country at least every other day, with 272 operations starting up in fiscal 1989. Efforts by Thai manufacturers to keep up have only exacerbated Thailand's trade deficit with Japan because local manufacturers need to import Japanese machinery for their own factories.

Thai imports from Japan reached \$9.16 billion in 1990, an increase of 33.4 percent over 1989. The trade deficit jumped 53 percent, to more than \$4 billion, on total trade of \$13.3 billion.

Officials of Thailand's Foreign Ministry said the huge trade gap would take a high priority in Mr. Kaifu's talks Tuesday with the caretaker Prime Minister, Anand Panyarachun, along with other bilateral issues and the Cambodian conflict.

The widening trade gap confronts the government at a time when it has had to scale back its forecast of future growth.

Gross domestic product is expected to grow over the next five years at an annual rate of 8.2 percent, down from 10.8 percent over the past five years, the National Economic and Social Development Board said at a weekend seminar.

Exports, which have been the major driving force of growth, are set to expand by 14.7 percent a year from 1992 to 1996, an almost 10 percentage point reduction from the rate of 24.6 percent during the current five-year period, the agency said.

Planners at the development board expect economic growth to decrease in industrialized nations that are Thailand's major trade partners, especially the United States and Japan.

In the talks with Mr. Kaifu, the Thai side is expected to express thanks for a decision by Tokyo last week to move ahead with yen soft loans for Thai infrastructure projects, which had been delayed in response to the military takeover on Feb. 23. (AFP, Reuters)

Colony Banks Hit Record Number

HONG KONG — The number of foreign and local banks operating in Hong Kong rose to a record 168 at the end of December, compared with 165 in the previous year.

Noting the volume, the British colony's banking commissioner, Tony Nicolle, said Monday that Hong Kong should remain an Asian financial hub, particularly since banks showed solid earnings growth last year.

Mr. Nicolle, speaking at the government's annual report on the local banking industry, said the number of banks might fall in 1991 but it "should not be a matter of great concern" to the colony.

Although some major international banks were under pressure to move out of Asia — not just Hong Kong — to concentrate on their home markets where the returns are best, "there was also a tendency for banks to merge," he noted.

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INTERNATIONAL FUNDS

April 29, 1991

INTERNATIONAL FUNDS			April 29, 1991		
Quotations supplied by funds listed. Not asset valuations. Funds listed with the exception of some quotes based on issue price. The symbol's symbols indicate frequency of quotations supplied: d=daily; w=weekly; b=monthly; r=regularly; 1=twice weekly; m=monthly.					
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SPORTS

On Fire, Ainge Ices
A 2-0 Blazers' Lead

The Associated Press
When the Portland Trail Blazers acquired Danny Ainge last year, he was considered the final piece of their National Basketball Association championship puzzle.

But through the first seven quarters of this season's playoffs, the piece was still missing. Then came Sunday night's fourth quarter.

Ainge emerged from a shooting slump to score 16 points, nine on 3-point shots, as the Blazers pulled away to win, 115-106, and take a 2-0 lead in their opening-round series with the Seattle SuperSonics.

"I wasn't concerned about Danny," said his coach, Rick Adelman. "I had a feeling he was going to snap out of it."

Ainge, who plays behind Clyde Drexler and Terry Porter, was 3-for-10 from the field in the series until the fourth quarter Sunday. All he needed to get his offense going, he said, was playing time.

"I think that was the difference," he said after playing the entire final period. "I just really got a chance to get my rhythm going."

The Sonics, who were without a key reserve, Derrick McKee, because of a sprained left ankle, trailed by 79-75 after three quarters and were down only 81-79 when Eddie Johnson, who scored 28 points, sank a 15-footer (4.56 meters) with 10:55 to play.

But Ainge sank two 3-pointers and scored eight points during a 13-2 run that gave the Blazers a 95-81 edge with 7:52 left.

Portland, which had the NBA's best regular-season record at 63-19 and has won 18 of its last 19 games, boosted the lead to 109 on Ainge's last 3-point, with 4:50 to go. The final one-point margin was the closest Seattle got the rest of the game.

Drexler, who scored a playoff career-high 39 points in a 110-102 victory in the series opener, led seven Blazers in double figures with 22 points in Game 2. He also had 10 assists and eight rebounds.

"Clyde Drexler has been the difference in these two games," Ainge said.

Pistons 101, Hawks 98: Detroit, almost having to win at home, pulled even with Atlanta behind Joe Dumars' 28 points and a stifling defense.

The Pistons, who shot only 38.5 percent in a 103-98 Game 1 loss,

shot 47 percent while holding the Hawks to 36 percent. Dennis Rodman, who had 16 rebounds for Detroit, set a team playoff record with six offensive rebounds in the first quarter.

The Pistons never trailed after the midway point of the first quarter and opened a 19-point margin in the fourth period.

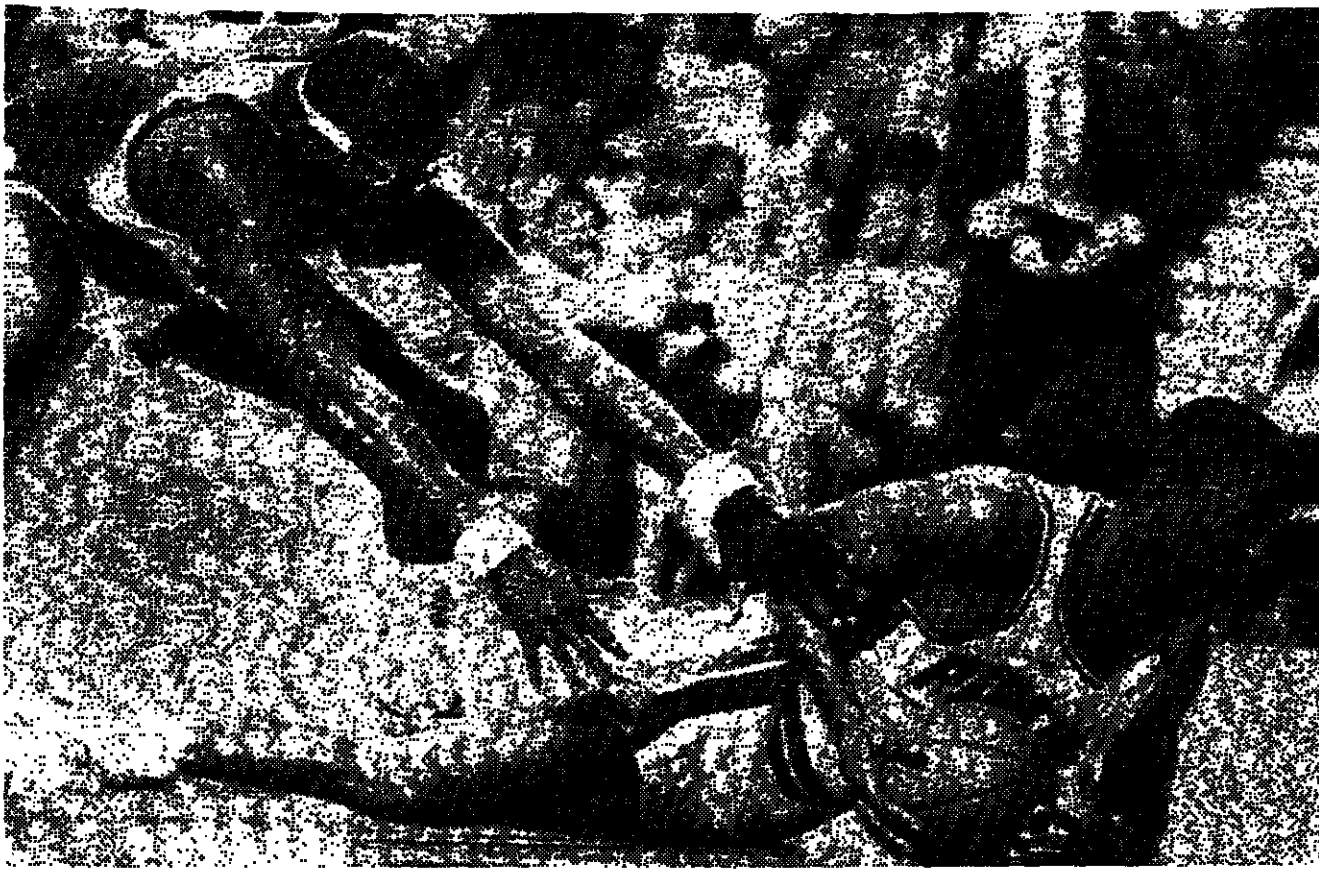
Dominique Wilkins, who had 32 points in the Game 1 upset, was held to 20 on 5-for-14 shooting.

Bulls 89, Knicks 79: The Bulls got 26 points from Michael Jordan to beat New York again in Chicago, but they had to struggle as they scored 37 fewer points than in the series opener.

The Knicks went on an 11-0 run in the first half to lead by 44-42 at halftime. The game was tied at 66 when Craig Hodges' 3-pointer began a 13-4 run that put the Bulls on top for good.

Patrick Ewing, held to six points in the first game, had 24 for New York. He scored 14 in the first quarter on 7-for-11 shooting, but after that was 1-for-11.

Joe Dumars, who scored 28 points, left Moses Malone in his wake getting to a loose ball and the Pistons left the Hawks behind, 101-98.



Joe Dumars, who scored 28 points, left Moses Malone in his wake getting to a loose ball and the Pistons left the Hawks behind, 101-98.

The Long Arms of the Bulls Start at Their Coach, Jackson

By Ira Berkow

New York Times Service

CHICAGO — The Chicago Bulls are a team of long arms, hardly the shortest are those attached to their coach, Phil Jackson. Long and angular at 6 feet, 9 inches (2.05 meters), Jackson, moving at times like an ambulatory Tinker Toy, may be seen in front of the Bulls' bench, striding or standing, sometimes crossing his lengthy arms in contemplation, sometimes unfolding them to demonstrate a point to a player, or remonstrate to a referee.

If a team may be said to resemble its coach, this one does so in ways that suggest the uncanny. The wingspans of Michael Jordan and Scottie Pippen and Bill Cartwright and B.J. Armstrong and Horace Grant are considerable, too, and have recently been put to good and bothersome use, which is the same thing as far as Chicago is concerned.

These arms suddenly materialize, like great tentacles, at the most inconvenient moments for the opposition, and they commence to block shots, steal balls and knock a pass away just when someone on the other team is turning, say, to look for someone to pass to, and discover they are empty-handed.

On Sunday, all those arms were at their mischievous best again as the Bulls beat the Knicks, 89-79. It was a well-rounded use of arms, which is important to the Bulls, since for too long they relied on that exquisite pair belonging to one Michael Jordan.

"We don't need Michael to be superhuman," Jackson said, "we just need him to be Superman."

Which is what he got in that clamorous old basketball palace on the West Side of Chicago. Jordan scored 26 points, not 46 as so often in the past, as the Bulls spread the scoring wealth, as well as the defensive and rebounding chores.

Jackson himself was known as a man with not only long arms but with sharp elbows, too. No one ever derived pleasure from guarding Jackson. The Bulls are a chip off the granite. As if to underline this historical note, Cartwright, in the first half, hammered the Knicks' Mark Jackson, who had seven stitches spun above his left eye. Then forward Jerrod Mustaf of the Knicks had his nose broken in the second quarter when he was whacked by Grant.

"If you have enough time for the input," said Phil Jackson, "a team pretty soon begins to resemble the coach."

"Did he see himself in the Bulls?" "In some ways," he said. "There's a reliance on defense, and aggressiveness, and you set a tone that you don't beat yourself. The other team has to execute well and take care of the ball in order to beat us."

Mostly, though, you understand your limitations, he said. "And Phil did," said Walt Frazier, a former teammate. "That's because Red was always reminding him of them."

JACKSON recalled that when he was a player with the New York Knicks, his coach, Red Holzman, had him play under the one-dribble rule.

"Yeah, Willis and me were told that we could do anything we wanted to on offense, but we could only take one dribble," Jackson said, referring Willis Reed. "We were two big guys who maybe didn't handle the ball all that well."

He laughed. And a smile would come to the lips of most fans of the Knicks (lips that nowadays are generally pursed) who recall those superb teams of 20 years ago when Jackson would come onto the court, looking as if he had just removed

himself from a closet rack. Because his shoulders were so wide and straight, he was called the Human Coat Hanger.

Jerry Krause, the Bulls' general manager, reached out for his long-limbed coach two seasons ago. Jackson was an assistant to Doug Collins when the Bulls decided a change was in order. In other words, they were going to fire Collins. Not because his arms were short, but because his temper was.

That was only one of several problems, such as, from the front office's view, maintaining too tight a rein on the players. He was calling plays almost every time they came down the floor, restricting, some felt, their movements. Jackson is looser, by design.

AND it started when he was young. To illustrate, he recalls when he was a high school baseball player in Williston, North Dakota, in 1963 and on a team that one night faced the Satchel Paige All-Stars, a black barnstorming team.

"I was the opposing pitcher," he said. "I heard a lot of jokes about me because of the way I looked. The length of my arms, being so lanky and gangly, and my hat fell off when I threw a pitch. I remember the catcher on the team saying to me when I came up to bat, 'You got such a relaxed attitude, you look like a brother, white boy.' I said to him: 'I look relaxed only because I'm so uncoordinated. I can't help myself.'"

That wasn't the end of that, however. "Satchel was having fun and he laid something out there for me that looked like a grapefruit," said Jackson. "I tied it up and hit it and it skipped off the wall. His team beat me, but I did get a hit off Satchel Paige. He was a wily kind of guy. He didn't look like he was 65 years old to me."

On Sunday the long-armed Bulls, like their coach, were a hit, and were aging the Knickerbockers.

Oilers Squeak By,
To Face North Stars

The Associated Press

The Edmonton Oilers are still on track to win another Stanley Cup championship. It is just that the track through this year's National Hockey League playoffs has become a lot longer than expected.

Craig MacTavish scored with 3:03 left in yet another overtime Sunday night to give the Oilers a decisive 4-3 home victory over the Los Angeles Kings in Game 6 of the Smythe Division division final.

Equally surprising, the Oilers, winners of five Stanley Cup titles, will play the Minnesota North Stars in the semifinals, the upstarts of these playoffs having ousted the St. Louis Blues on Sunday night.

MacTavish, who scored 17 goals during the regular season, got his second of the playoffs 11 seconds after referee Kerry Fraser disallowed what had appeared to be a goal by teammate Anatoli Semenov. Petr Klima started behind the Los Angeles net and passed to MacTavish, who whipped the puck past Kelly Hrncay 16:57.

It was another disappointment for the Kings, who finished atop the Smythe Division during the regular season. Los Angeles has never won a second-round playoff series, and Wayne Gretzky, the one-time Edmonton hero, looked drained as he shook hands with many of his former teammates.

"I don't know if there's a better playoff team than Edmonton," Gretzky said. "I think the next two teams that play them will have a tough time."

It was the fourth time in the four-of-seven-game series that overtime was needed to decide the outcome. Edmonton's final two first-round games, against Calgary, also went to overtime.

The Oilers tied the game at 12-12 of the third period when Esa Tikkanen scored his 11th postseason goal on assists from Adam Graves and Martin Gelinas. Tikkanen corralled a loose puck at the top of the face-off circle and blasted a shot by Hrncay.

Los Angeles had taken a 3-2 advantage when Mike Donnelly beat Grant Fuhr at 4:27. Fuhr was knocked into the post on the play and had to leave the game with an arm injury.

After Donnelly put the puck past Fuhr, one of the Oilers' defensemen, Steve Smith, crashed into the fallen goaltender, mashing Fuhr's

right arm against the goalpost. He was taken to a hospital for X-rays as the backup goaltender, Bill Ranford, the Conn Smythe Trophy winner last year as the most valuable player in the playoffs, skated on to take his place.

Ranford, whose only other playoff appearance this year was a 4-3 overtime loss in Los Angeles, made a big stop against Donnelly late in

STANLEY CUP PLAYOFFS
regulation to keep the game tied at 3.

North Stars 3, Blues 2: Chris Dahlquist's first-ever playoff goal began the scoring 19 seconds into the third period in Bloomington, Minnesota, and Bobby Smith then scored twice to put the North Stars into the Stanley Cup semifinals for the first time since 1984.

Its six-game victory in the Norris Division final made Minnesota the first team since the 1980 New York Islanders to beat the top two regular-season clubs. The North Stars, who finished 16th in the standings, stunned No. 1 Chicago in the first round.

Obtained from Pittsburgh on Dec. 11, Dahlquist beat Vincent Riendeau on a slapshot from the right point after taking a pass from Neal Broten. Riendeau did not appear to be screaming.

Smith, acquired between seasons from Montreal for a 1993 fourth-round draft choice, scored his third goal of the postseason on a backhand shot in front of the net with 16:10 to go. Now 33, Smith was the North Stars' top player before he was sent to Montreal in a 1983 deal that a former general manager, Lou Nanne, still ranks as his worst error.

Brest Holl scored for the Blues with 2:42 to play — only his third goal of the series after getting 86 during the season and eight more against Detroit.

Smith's empty-netter with 1:04 left made it 3-1 before Garth Butcher scored for St. Louis with 17 seconds to go.

Both teams had plenty of chances. Broten just missed the net three times, once on a breakaway. In the third period, he hit the crossbar. Gretzky, Duchesne and Brian Propp were both stopped on good saves by Riendeau; and Holl failed on three first-period shots — one of which ended up on top of the net after goalie Jon Casey stopped him on a point-blank backhand.

CHESS

By Robert Byrne

AN Timman, the leading Dutch grandmaster for 20 years, in his Katholieke Radio Omroep exhibition match in Hilversum, the Netherlands, was crushed in Game 3 of the series with Yasser Seirawan, a Seattle grandmaster, in 23 moves. Timman played the same branch of the Nimzo-Indian Defense in Game 5.

The aggressiveness of Seirawan's opening system is revealed after 7 Bg5, which followed a suggestion of John Van der Wiel, a Dutch grandmaster. White is tempting Black to win a pawn with 7...b6 8 Bb4 g5 9 Bg5 e4 10 Nd2 cd 11 Nb5, but even though Black has the resource 11...Ne4 12 Nd6 Nd6 13 Bb6 Bd2 14 Kd2 Nf6, Timman refused to try it, just as he had refused in Game 3, the first time it was presented to him. So the question of the soundness of this gambit remains unanswered.

Nevertheless, the idea that Timman tried, the immediate 7...Nc6 without first interpolating 7...b6, deserves attention and perhaps a better fate than it got. After Seirawan's spirited 8 O-O-Q17, threatening to strand the a5 bishop, Timman got rid of it with 8...Bc3, looking forward to the pusillanimous 9 Qc3? Ne4, which would comfortably have led to a simplification of the position.

But Seirawan's 9 d5? indicated that he had prepared his opening thoroughly. Timman could not win a pawn by 9...Bb2 because 10 Qb2 Na5 11 e4 b6 12 Bb4 cd 13 e5 g5 14 Ng5! hg 15 Bg5 yields White a juggernaut. In this hypothetical

line, 12...d6 13 de Qd7 14 e5 de 15 ef Qf7 16 Ne5 Qh5 17 Bg3 O-O 18 Be2 Qf5 19 Bd3 Qe6 20 Rb1! is awful for Black.

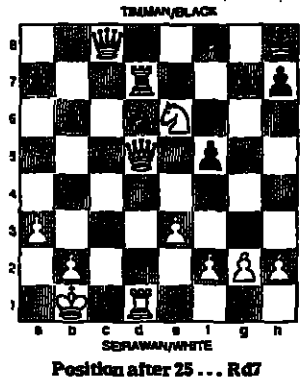
After 9...d6 cd 10 cd, Timman still could not risk 10...Bd2 11 Qb2 Na5 because 12 e4 de 13 e5 de 14 Qe5 Qe7 15 Bf6 g6 16 Q4 yields White a powerful attacking position. But there was a tough defense that he missed: 9...Nd4! 10 Qc3 Nc6! 11 Qd4 cd 12 Bb6 Kd8 13 Rd4 Nf2 14 Rf1 cd 15 cd Bb7, with threats of 16...Rc8 followed by 17...Rc5 and 18...Rd6. White could not play 11 Qc3 because 11...Ne5 12 Qc3 Nf3! 13 Qc7? (13 Qd8 Kd8 14 g! was necessary but gives White nothing) Qg5 wins a piece.

The Dutchman's alternative, 9...e4 cd 10 cd Be5 did not keep him out of trouble. After 11 de Qd7 12 cd Bd7 13 e3, he could not play 13...O-O without dropping a piece to 14 Ne5 Qe5 15 Bf6 Qf6 16 Rd7.

After 13...Rd8, Seirawan sacrificed rook for bishop with 14 Rd7! Rd7! (14...Kd7? 15 Bb5 Kd8 16 Bb6 Kd7 17 Ne5 Qe5 18 Qf7 Qf9 Rd1 wins the queen) 15 Bb5, one point being that 15...O-O? 16 Bd7 Qd7 17 Ne5 wins a piece.

On 15...Bb6 16 Rd1 O-O 17 Bb7 Qd7 18 Bb4 cd 19 Qc2 Ne8, Seirawan could have used his pin on the d file to win a piece after 20 Qd2 c3 21 Qd5 cb 22 Kf2. But his 20 Ng5 (20...g6? 21 Ne4) 21 Qd4 Kd8 22 Bb6 Nd6 23 Qd5 was also powerful and did not expose the white king.

Timman should have defended by 23...Qe7 (23...Qc7? 24 Kf1 Ne4 25 Ne6 is as bad as 23...Qc8 24 Kf1 Ne4 25 Nf7 Rf7 26 Qf7), but after 24 Ne6 Kd8 25



Position after 25...Rd7

Kb1 Ne4 26 Qf5 Na3? 27 Ka2! Ne4 28 Ne5! wins for Seirawan.

His defense with 23...Rd8 may have been to entice the blunder 24 Qd6? Qc8! 25 Kb1 Rd6 26 Rd6 Kd8! However, after Seirawan's 24 Ne6! Qc8 25 Kb1 Rd7, all attempts to wriggle out were doomed by 26...Rd6 27 Rd6 allows no defense against 28 Rd8, Timman gave up.

NIMZO-INDIAN DEFENSE			
White	Black	White	Black
1 d4	Nf6	14 Rd7	Rd7
2 c4	e5	15 Bb5	Bd6
3 Nc3	Bc5	16 Bb6	Kd8
4 e3	Bb4	17 Ne5	Qe5
5 Bc4	Bc3	18 Qf7	Qf9
6 d5	Bd7	19 Qc2	Ne8
7 Bg5	Bd6	20 Ng5	g6
8 Bb4	g5	21 Ne4	Qd4
9 d5?	Qd7	22 Bb6	Nd6
10 Qc3	Qd8	23 Qd5	Qd5
11 Qd4	Kd8	24 Kf1	Ne4
12 Bb6	Kd7	25 Ne6	Nf7
13 e3	Rd8	26 Qf5	Rd6
		27 Ka2	Ne4
		28 Ne5	

BOOKS

SACCO AND VANZETTI: The Anarchist Background

By Paul Avrich. 265 pages. \$24.95. Princeton University Press, 41 William Street, Princeton, N.J. 08540.

Reviewed by Claudio Segre

THIS engaging new study of Sacco and Vanzetti is not another replay of the famous trials that ended, after seven years, with the electrocution of the two Italian immigrant anarchists on Aug. 23, 1927 for a hold-up and murder at a shoe factory near Boston. This is not another harangue about the 1919-20 "Red Scare" that provided the context for Sacco and Vanzetti's arrest and the outrage to their civil liberties.

Paul Avrich is sympathetic to the two men on this score. Yet he points out that too often the international furor over these issues transformed the defendants into symbols and martyrs, obscured who Nicola Sacco and Bartolomeo Vanzetti were and what they really did.

They were, Avrich reminds us, Italian immigrants and dedicated anarchists. Such a background suggests two obvious sources in investigating their story: Italian language and anarchist materials. Incredibly enough, until this study, scholars have largely ignored these sources.

Avrich is a specialist in the history of anarchism and American labor. He skillfully delves into these unexplored materials to recreate the world of the immigrants, radicals, anarchists and labor organizers at the turn of the century.

What emerges is a portrait of two immigrant idealists, a fish peddler and a shoe factory worker, as charming in their simple faith as they were dangerous in their actions. To achieve their goals, the two men joined a radical group led by the anarchist Luigi Galleani that concocted the sinister and daring bomb plots of May 1 and June 1, 1919. We do not know exactly what role Sacco and Vanzetti played in the Galleani conspiracy, but their involvement is a "virtual certainty," Avrich concludes.

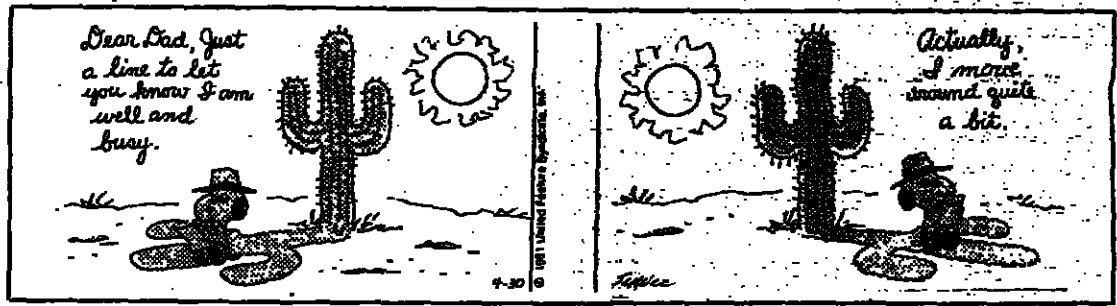
The wrong authorities (local police, not federal agents) got the right men for the wrong reasons (the South Braintree robbery). Sacco and Vanzetti were particularly bitter about the trick history played on them. They were willing to martyr themselves for "The Idea," but not for something as pedestrian as a payroll robbery.

Thus, by exploring the anarchist background, Avrich shows that the Sacco and Vanzetti case is much more complex than whether they were guilty or innocent of the shoe factory robbery — a question still unresolved, according to the author. Yet until now that issue has overshadowed the broader story — some might say, the "real story" — of Sacco and Vanzetti, the militant anarchists.

This is a marvelous yarn and scholarship at its best: well researched, committed and compassionate, yet fair and balanced, sensitive to the tricks we play on history — and to the tricks history plays on us.

Claudio Segre's biography, "Italo Balbo: A Fascist Life," has appeared in paperback and he is completing a memoir about his father, the physicist Emilio Segre. He wrote this for The Washington Post.

PEANUTS



BEETLE BAILEY



ANDY CAPP



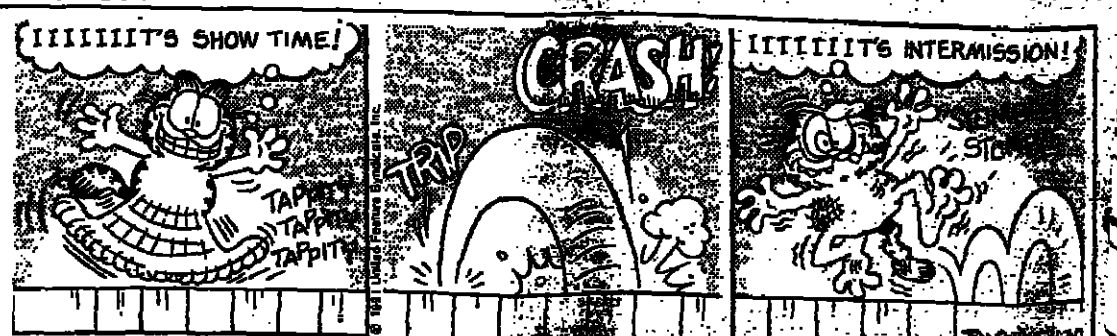
WIZARD OF ID



REX MORGAN



GARFIELD



DOONESBURY



DENNIS THE MENACE



JUMBLE

THAT SCRAMBLED WORD GAME by Merr Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

I took you as it were your homophone.

PROCRUSTATION IS A BAD HABIT THAT SHOULD BE THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Yesterday's Jumble: LEAPY TOPAZ FALLET OPOUSE

Answer: The former became successful in the laundry business because he wisely knew how to make a bang — OFF THE SOUL.

